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West Europe Report

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POLITICAL CYPRUS

BRIEFS

NEW POLICE CHIEF--Two days ago President of the Republic Mr Kyprianou appointed Mr Frizox Yiangou chief of police and Mr Andreas Oikonomou deputy-chief. Mr Yiangou had heretofore been deputy-chief, while Mr Oikonomou had been one of the assistant police chiefs. The new police chief was born in 1933 in the village of Agios Dimitrios of the Limassol district. He graduated from the Mitsi School and joined the police force on 7 March 1953. He served in almost all the sections of the force and was the director of the Cyprus Information Service for 6 years until his appointment as deputy chief of police. Mr Yiangou rose to the post of chief after passing successively through all the ranks on the force. [Text] [Nicosia I SIMERINI in Greek 3 Jun 86 p 14] 12570/8918

TERMS FOR COEXISTENCE--Our own clear position on the relations between the two Cypriot communities is this: full equality under the law and absolute equality in civil rights for both Greek and Turkish Cypriots, as well as for all other citizens of the Republic of Cyprus. There should be equal treatment in terms of rights, as well as in terms of duties and obligations. There should be absolutely no discrimination based on ethnicity, religion or language. There should be an absolute guarantee of respect for the particular privileges of each community or settlement in the areas of education, culture, family institutions, traditions, manners and customs, etc. Furthermore, there should be some more favorable economic and social treatment of the lowest-income strata of the whole Cypriot society. This would most significantly benefit the Turkish Cypriots, who admittedly appear to lead miserable lives economically and socially under politically oppressive circumstances. As far as the "constitutional" and "territorial" settlements on the basis of proportions and within the framework of a non-dismembered state are concerned, we all recognize that there is room for negotiation which must coincide with the effort to solve the fundamental issues, namely, the occupation, the basic freedoms and the guarantees. [Text] [Nicosia O FILELEVTHEROS in Greek 6 Jun 86 p 3] 12570/8918

CSO: 3521/174

POLL FINDS SVEND AUKEN FAVORED AS SUCCESSOR TO SDP CHIEF

Strong Support for Jorgensen Retirement

Copenhagen BERLINGSKE TIDENDE in Danish 15 Jun 86 p 9

[Article by Asger Schultz: "Auken Favored as New Chairman of Social Democrats"]

[Text] Social Democratic voters favor a change in the chairman of the party "in the relatively near future," and their very clear favorite for the post is the present vice chairman Svend Auken. On the other hand the nonsocialist voters would prefer to see the present chairman of the Folketing, Svend Jakobsen, in the post.

This is shown by a poll conducted by the Gallup Institute against the background of the frequent mention of a change in the chairmanship of the Social Democratic Party [SDP].

A representative group of voters consisting of about 100 respondents were asked the following question:

"It is said that Anker Jorgensen wants to withdraw as chairman of the Social Democrats in one year. Do you believe that it would be good for the Social Democratic Party if Anker Jorgensen withdraws in a relatively short time to make room for a new chairman?"

The voters answered this question as follows:

	Yes %	No %	Don't Know %	Total %
All voters	44	25	31	100
Those right of SDP	52	24	24	100
SDP	43	35	22	100
Left of SDP	50	26	24	100

One can see that nearly half of the voters (44%) believe that it will soon be time for SDP to have a new chairman, while every fourth voter (25%) replied directly that they do not want Anker Jorgensen to withdraw. One can also interpret the figures as saying that a majority of the voters (56%) have no direct wish for Anker Jorgensen to withdraw.

Among the SDP voters, a relative majority (43% vs. 35%) believe that Anker Jorgensen should relatively soon withdraw, which can be seen as acceptance of his eventual retirement.

Naturally it is interesting to know who will follow him as chairman, and so the following question was asked:

"It is also being openly discussed as to who should replace Anker Jorgensen as chairman of SDP. Which of these former SDP ministers do you believe should replace Anker Jorgensen?"

	Svend Jakobsen	Ritt Bjerregaard	Svend Auken	Knud Heinesen	Don't Know	Total
	%	%	%	%	%	%
All voters	24	7	26	16	27	100
Right of SDP	37	5	14	24	20	100
SDP	19	9	44	15	13	100
Left of SDP	11	11	47	9	22	100

As one can see it is nearly a "dead heat" between Svend Jakobsen and Svend Auken. Precisely half of the voters concentrate on these two possible candidates from the four which Gallup gave them to choose from. It is also very interesting to see whom the SDP voters themselves prefer as the new party chairman.

And their choice is clear enough. Almost half of the SDP voters (44%) prefer Svend Auken, while Svend Jakobsen ranks down at a level with Knud Heinesen, 19 and 15 percent respectively, and with Ritt Bjerregaard in fourth place with 9 percent.

It is worth noting that judged by the usual Left-Right scale there is a very marked difference between the two leading candidates. Svend Jakobsen is judged to be clearly oriented to the Right, and Svend Auken is even more clearly oriented to the Left, and this is shown by the fact that the Right-oriented voters clearly prefer Svend Jakobsen and the Left-oriented voters Svend Auken, and would just as soon have Ritt Bjerregaard as Svend Jakobsen.

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Paper Views Poll Results

Copenhagen BERLINGSKE TIDENDE in Danish 15 Jun 86 p 16

[Editorial: "What People Expect"]

[Text] Party Chairman Anker Jorgensen is striving to be prime minister again. He does not for a minute hide the fact that his goal is to come back as leader of a Social Democratic government. There are good reasons why he can not say anything else. If he said that he would soon step down as leader the authority that he still has relative to the party and the public would disappear like dew in the sun. If he said that he did not expect to stand at the head of a new government, others would say that he was gone as a leader. The situation of the Social Democratic Party will not withstand much before the flames will rise from the coals.

A Gallup poll, which BERLINGSKE SONDAG is publishing today, shows that nearly half of the voters believe that it will soon be time for Anker Jorgensen to depart. A relative majority among the SDP voters queried are inclined to share this opinion. That must be considered noteworthy. No SDP leader has ever been in a similar situation. Public expectations have never forced an SDP leader to leave at the wrong moment. But Anker Jorgensen must think about this. He must ask himself if he is the one who can give the party new strength and bring it back to government power. He must consider whether he will sacrifice his personal ambition for a comeback, and by his resignation open the way for younger forces. Every party leader must put party considerations foremost. Anker Jorgensen can refuse to believe the Gallup poll, but even if he has great confidence in his own judgment he cannot inwardly deny that SDP is not in good shape. I wonder how strong is his belief that SDP will win the next election?

If these thoughts cause Anker Jorgensen to resign--as he suddenly gave up nearly four years ago the idea of leading the government onward--the party will have a difficult choice. The Gallup poll shows that Svend Auken and Svend Jakobsen are the two candidates preferred by the voters (nobody is openly counting on Ritt Bjerregaard). The poll also shows, however, that people to the right of SDP prefer Jakobsen, and people to the left of SDP would rather see Auken as SDP leader. It is the eternal SDP dilemma which is taking shape once again. Should SDP stand on a middle line and ease to the right, or should they accept the invitation of the leftwing to take over the government?

Social Democratic speculation does not deal solely with personalities, but also largely with policies. That does not make Anker Jorgensen's situation easier for him.

9287
CSO:3613/161

BADEN-WUERTTEMBERG DEVELOPS PROFITABLE TIES WITH POLAND

Berlin DER TAGESSPIEGEL in German 30 May 86 p 3

[Article by Gert Baumgarten: "A Popular Interlocutor in Poland"]

[Text] Baden-Wuerttemberg Premier Spaeth managed the feat: The diversified industrial Land in the southwest of the FRG has now outdistanced all other German Laender and become the most popular business partner of the Poles. That was by no means always the case. For many years hardly anyone in Poland even knew were Baden-Wuerttemberg was actually located. In those days--primarily the 1960's and 1970's--the heads of government and ministers of other federal Laender virtually handed each other the doorknob in Warsaw and in Poznan, Poland's Fair city.

In those long agao days, the senators for economy from Hamburg, Bremen and Berlin, Bavarian Economics Minister Jaumann and North Rhine-Westphalia's then Premier Heinz Kuehn were among the most zealous explorers and trackers on Polish soil. The Hamburgers' interest was obvious: They sought contacts in Poland for the potential expansion of the economic hinterland for their port. Since the division of Germany, Hamburg's port has found itself in an unfavorable and rather peripheral situation, forcing it to try for the intensification of business with the countries east of the Elbe as the ideal way out of trouble.

Wherever Hamburg goes, so does Bremen, sometimes much to the annoyance of the Hamburgers. The people on the Weser, their senat led at the time by Hans Koschnick, never for a moment lose sight of the Hamburg competition. A little later, when CDU-er Albrecht took over in Hanover, Lower Saxony also looked to Poland. In his term as premier, Albrecht visited Warsaw twice.

The North Rhine-Westphalian interests in Poland were of both political and economic nature. To begin with, the Land leaders wished to effectively support Willy Brandt's and Helmut Schmidt's reconciliation with Warsaw. Moreover, Poland's leader in the 1970's was Gierek, an Upper Silesian and friend of heavy industry. It was possible at the time to earn money for the steel forgers and machinery constructors on the Rhine and the Ruhr: Industrial corporations of Essen, Duesseldorf, Dortmund, Bochum and Duisburg represented the chief attractions of the two Federal German exhibition halls at the Poznan Fair. Of course, ministers from North Rhine-Westphalia were bound to attend.

Poland's leaders at the time were firmly resolved to spend tremendous amounts of money on the country's industries. That attracted hordes of industrial salesmen from the West. In the 1970's, Bavaria's Economics Minister Jaumann was one of those who seemed to cherish great expectations of the good business to be done in the East thus helping the development of industry at home. He attended almost all Poznan Fairs.

Unfortunately, the Gierek Government then holding office in Poland had a predilection for bold forecasts; it believed in the possibility of realizing industrial castles in Spain and loved to fantasize about "Poland in 2000." The debt burden achieved more than $30 billion and is now virtually paralyzing the country.

Baden-Wuerttemberg was barely in evidence in Poland in those hopeful years. On one occasion, the leader of the Social Democratic opposition in the Stuttgart Assembly visited Warsaw--, a decent politico called Krause whose visit was soon forgotten. On the other hand, nothing much is heard these days in Poland of Hamburg, Bremen, North Rhine-Westphalia and Lower Saxony.

Only Berlin keeps resolutely working away, though it does not beat the drum about its lively relations with Poland. Economic Senator Pieroth is always most welcome in Poznan. Sheer physical proximity makes for intensive trade and exchange.

Now, 4 years after the great Polish crisis, Baden-Wuerttemberg has arrived on the sciene. Warsaw is much satisfied with this development. Barely a year ago, on the occasion of the Poznan Fair, Premier Spaeth submitted the first offer of future cooperation. The moment was well chosen: Poland's present leadership, headed by General Jaruzelski, wishes to keep an iron grip on the country's finances.

Warsaw informed opinion says--encouragingly--that those who now enter into business relations with Poland will be welcomed for a long time to come. Most of all, Baden-Wuerttemberg's industrial offer, involving modern small and medium scale industry, fits perfectly with the Polish concept: The Poles intend to invest in modern production methods. Efficient medium-scale industrial units preponderate in their plans. In Poland the time of heavy industrial giants a la Gierek is past.

Bonn, though, appears at times to be anything but pleased with the Stuttgart people' zealous pursuit of foreign affairs. Genscher's Foreign Affairs Ministry, in particular, affects to know exactly why Warsaw is so ready and pleased to grasp the hand extended by Lothar Spaeth: Discussions with Baden-Wuerttemberg or any other federal Land need confront neither the Berlin problem nor any other source of conflict. Everything is simple and straightforward. The situation is very different in negotiations with Bonn.

11698
CSO: 3620/738

CDU REPORT REVEALS COMMUNIST INFLUENCE ON GREENS

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 6 June 86 p 4

[Article by fy: "The Greens' Past Documented"]

[Text] The CDU has again pointed out the influence which Communist currents have on the Greens. On Thursday, the parliamentary managers of the CDU/CSU parliamentary caucus, Seiters and Boetsch, presented documentation which is to prove above all the personnel interlockings of the Greens with Communist groupings. It carries the title "The Cadres of the Greens" and contains information on the political development and background of a total of 65 leading functionaries and elected officials of the Greens. Seiters said that only those persons were included in the documentation who "are, or were" members, "are close to them or were at least occasionally close to organizations which are mentioned in the report of the Office for the Protection of the Constitution and pursue extremist or security-threatening goals." These groups profess Communism in the form of Marxism-Leninism, Maoism or Trotzkyism. They are of the opinion that "our social and economic system must be eliminated." Some of the groups even dissolved themselves in order to work with the Greens. Some of them in principle do not rule out the use of force.

Seiters stressed that the documentation, in which data and information about 65 leading functionaries of the Greens are listed, is based exclusively on material publicly available, such as interviews and newspaper reports, television footage, and the published reports of the Office for the Protection of the Constitution. The documentation studies in particular the personnel amalgamation of the Greens with terrorism, with communist groups such as the Communist League (KB), but also with the Socialist Bureau, the Communist Party of Germany (KPD), the Communist League of West Germany, the undogmatic "New Left", as well as the inclusion of the German Communist Party (DKP) and its organizations. Also pointed out are the sometimes considerable criminal offenses of Green politicians commited in connection with terrorism, and the jail sentences imposed on them. Among this circle of persons are members of the federal, Land and European parliaments.

9917
CSO: 3620/250

PEACE LIST SEEKS TO AVOID SPLITTING LEFT-WING VOTE

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 24 June 86 p 5

Article by ban: "To Counteract Splintering"

Text The party of the Greens does not have to fear competition from the left at the parliamentary elections next January. After the German Communist Party (DKP) had waived its own candidacy in favor of the Peace List as early as March, on Monday the federal executive board of the "Peace List" published a guiding proposal for their election congress this coming weekend. Accordingly, the Peace List will nominate direct candidates in all election districts. But the organization will forego putting up lists of candidates on the Land level, i.e., it waives promotional activities for "second votes" which are decisive for the composition of the Parliament. After the agreed-on decision by the leadership group of the Peace List, it is considered certain that the election congress in Cologne on Saturday will follow this tactic. Furthermore, there are indications that the "Liberal Democrats," who had formed after the FDP's "turn" toward the CDU/CSU, will also abstain from their own candidacy for the parliamentary elections.

The decision of the Peace List must be seen against the background of the result of the state parliamentary elections in North Rhine-Westphalia in May 1985. At that time, the Greens failed because of the 5-percent hurdle which it would have taken if the Peace List, supported by the DKP, had not deprived them of the decisive votes. Their spokesman, Runge, said that the parliamentary existence of the Greens is not a matter of course, and the guiding proposal speaks of a "concentration of progressive forces." The Peace List will not put up state lists of candidates, it concentrates on balloting the second votes for a parliamentary 'end to the turnaround'." The "progressive forces" must be concentrated. One must counteract a "splintering." The direct candidacy of the Peace List is given the character of a "first vote demonstration." The politicians of the Peace List want to exert "pressure on the SPD and the Greens" and make clear the importance of the peace movement, as said in their proposal. For the DKP, the showing of the Peace List among first votes will probably also answer questions about the usefulness of this allied organization. The present solution is seen as an "intermediate step" toward greater solidarity among the Left.

At another congress in September, the Peace List wants to pass an election proclamation. Judging by the remarks of its federal executive board, it will probably support the Greens. The guiding proposal states: "As its strategic goal, the Peace List wants the majority to the left of the CDU, the strengthening of the factor to the left of the SPD." And one finds this objective: "Combining the forces to the left of the rightist government. For a new policy. Against an SPD course of ouster of the Greens. For the courage of the Greens to push through a new policy vis-a-vis and with the SPD." In spring, the Peace List had stated the wish to place a few of their members on the state candidates' lists of the Greens. The Greens had refused this, however. The decision of the Peace List was already indicated in March in a speech by its presidium member Priemer, published by the DKP: "The Peace List considers the replacement of the Right coalition through a new majority as its primary goal in order to reach a new policy. A splintering in the progressive camp would be detrimental to these goals." In case no agreement can be reached with the Greens on the Peace List being given a place on their state candidates' lists, Priemer, in the name of the DKP, had considered "necessary a start, as soon as possible, of putting up state candidates' lists."

9917
CSO: 3620/750

LABOR CONFEDERATION REPORT ON TURKISH WORKERS

Istanbul DUNYA in Turkish 30 Apr 86 p 2

[Text] Ankara (ANATOLIAN AGENCY) - The report on problems of Turkish workers in West Germany being compiled by the Turkish Confederation of Labor [TURK-IS] is expected to be completed this week.

According to information obtained from TURK-IS General Organization Secretary Orhan Balaban, discussion of the report will be completed by the board of directors this week and it will be submitted to the government next week, along with proposals for the solution of workers' problems.

The following problems involving workers in Germany are identified in the report:

--Having to perform military service twice because of dual citizenship.

--The problem of steadily rising unemployment, currently around 30 percent, among the Turks in Germany.

--The possibilities for the children of Turkish citizens here to take advantage of apprenticeship training.

--Problems connected with the efforts of illegal organizations which are active in West Germany and present themselves as the voice of the Turkish workers.

--The matter of family reunification and visits (visa problems).

--The education of Turkish children in Germany.

TURK-IS General Organization Secretary Orhan Balaban said that the federal governments in Germany had reached agreement on three matters involving labor and listed them as follows:

--No importation of foreign workers to Germany,

--Encouraging repatriation,

--The postponement of EEC and freedom of movement rights.

8349
CSO: 3554/69

POLITICAL FINLAND

CENTER PARTY CONGRESS SEEN MAKING VAYRYNEN INTO NEW KEKKONEN

Vayrynen Speech Inaugurates Candidacy

Helsinki HELSINGIN SANOMAT in Finnish 15 Jun 86 p 7

[Article by Unto Hamalainen and Anneli Sundberg: "Vayrynen Creates New Popular Front; Conservatives Get Chance to Build Green Information Society With Center Party"]

[Text] At the Center Party congress which continued on Saturday in Lappeenranta, Chairman Paavo Vayrynen marketed a new popular front as the basis of a postelection government.

When Vayrynen's creation sees the light of day, the Conservative Party will get the chance, together with him, to make Finland into a green information society.

The government-policy program of Vayrynen, who today will be crowned presidential candidate of the Center Party, caused some perplexity at the party congress, since the older party members in particular are accustomed to forming a popular front with the communists, not the Conservatives.

There is no room for the communists, however, in the government put together by Vayrynen on Saturday.

"After the leftwing popular front and the period of purely leftist rule, there is a need for a new middle-of-the-road popular front made up of political parties that do well in elections. We must bring about broad-based cooperation and a new consensus which better respond to the challenges of our time and the future," said Vayrynen.

At a press conference held after the speech, Vayrynen announced that the Social Democrats and the Conservatives qualify for the new popular-front government led by middle-of-the-roaders, because he expected them, along with the middle parties, to do well in the elections.

Yet Vayrynen emphasized that other alternatives were not ruled out as the basis of a postelection government. A purely nonsocialist government, which the Conservative Party has called for, would suit Vayrynen provided it was led by middle parties.

Neither Socialism Nor Capitalism

At the party congress Vayrynen also described the platform of the new popular front. Included were a little red, a little black, and a lot of green, because the Center Party would like to hitch up to the Greens' wagon.

According to Vayrynen, Finland's path is the path of neither socialism nor capitalism.

"The new popular front must seek to realize those goals of a 'greener' and more humane society which have been expressly proposed by many alternative movements influential in our country."

We must free ourselves of the negative capitalist and socialist features which have taken root in our country, according to Vayrynen.

Vayrynen considered the concentration of economic power in banks and insurance companies an especially pernicious feature of capitalism.

Vayrynen would transfer that power to the people. "The investment of money in companies' stocks must be encouraged by substantially increasing the tax exemption on capital gains. To the extent that business firms can obtain the capital they need from private citizens' investments in stocks, the right of banks and insurance companies to own stock in firms which operate in other spheres of activity must be restricted."

Vayrynen saw a negative socialist feature in the desire of state enterprises to expand. Vayrynen promised that if the new popular front came to power, the state enterprises would get their wings clipped.

Protect the Cities

Vayrynen defined the goal of the new popular front as the establishment of a green information society in accordance with nature's laws. Big cities would no longer be allowed to grow. Emphasis would shift from safeguarding the forests and waterfalls of northern and eastern Finland to protecting the residents of large cities from industrial and nonindustrial pollution.

Health care and social services would be removed from institutions. More and more public services would be entrusted to the private sector.

Despite his future plans, Vayrynen promised to continue his current government teamwork right up until the elections.

Minister of Agriculture Toivo Ylajarvi, who is leaving national politics and relinquishing his parliamentary seat after the elections, was the first to criticize Vayrynen's new government schemes and to defend teamwork with the communists, something which easily half the party members support, according to a survey.

"I don't believe that anyone seriously wants to stop cooperating with the communists," he said.

Ylajarvi pointed out that cooperation with the communists has brought tranquillity to Finnish society.

"Its value won't be understood until it's lost. That's why a full-scale debate on the rejection of teaming up with the communists should be held in the party."

Ylajarvi said he had become accustomed to managing agricultural matters quite successfully with the Social Democrats.

"Cooperation with the communists can cease only if the traditional middle parties and the Social Democrats lose their parliamentary majority," stressed Ylajarvi.

Vayrynen Criticizes Sorsa's Views

Prime Minister Kalevi Sorsa's views on foreign policy received no support from Vayrynen. Explaining his beliefs about international politics to the party congress, Vayrynen said that Prime Minister Kalevi Sorsa has made some very far-reaching conclusions about the evolution of superpower relations.

"Sorsa thought that our country's 'active foreign policy can no longer be based on cooperation with the superpowers.' He also asked what the alternative might be to a policy of detente and support for superpower cooperation.

"I cannot agree with these assessments by Sorsa. By no means have the superpowers lost their desire or ability to cooperate. At a recent meeting of top-level leaders, the superpowers endorsed the principle of mutual relations. The Geneva communique is imbued with a strong desire to preserve peace and to improve teamwork between the superpowers. There is not and will not be an alternative to detente, the reduction of international tension.

"Nor is there an alternative to detente in Finnish foreign policy," underscored Vayrynen. According to him, Finland's path is the same as it was before: support the buildup of trust between the superpowers and promote detente.

Vayrynen emphasized at the news conference that in everything essential they agree with Sorsa about Finnish foreign policy.

'Spirit of Kekkonen' Years

Helsinki HELSINGIN SANOMAT in Finnish 15 Jun 86 p 7

[Article: "Center Party Folk Have Visions of New Kekkonen"]

[Excerpt] "This is a nonstop celebration," screamed Pertti Vuola, the Center Party's chairman for Finland Proper, at the start of his speech.

Center Party enthusiasm was overflowing: even before Vuola, the party's virtues had been extolled for hours on end. The same self-praise continued all day Saturday.

Center Party veteran Vuola reminisced about the golden days of the early 1950s when the Agrarian League made Urho Kekkonen president.

"The spirit of those years is in the air," said Vuola, evaluating the mood of the party congress.

Every possible issue came up in the 10-hour debate. But a recurrent theme in the discussion was satisfaction with the Center Party's success: opinion poll results were excellent, and the nuclear explosion in Chernobyl freed the party from a nuclear-power dilemma.

Had there been no explosion in Kiev, the party congress would have been forced to take a vote. Instead, it praised its own foresight and called for the harnessing of waterfalls.

Right after Paavo Vayrynen's speech, the congress also received international greetings. The secretary of the Bulgarian Peasants' Party lauded his own popular front in which the communists and the Peasants' Party constituted an "invincible alliance." There is no place for communists in Vayrynen's "new popular front."

Youths Unfriendly to Vayrynen

Younger speakers were irritated by Paavo Vayrynen's proposal for a new popular front. Timo Toropainen, chairman of the Center Party Youth League, and Maria-Kaisa Aula, chairman of the Center Party Students' League, said pointblank that the Conservative Party is the party of big capital.

The young people wonder how the conditions of the poor can be improved by associating with the businessmen's party.

Deputy Chairman Esko Aho warned the Center Party against overinvolvement in the presidential race. Aho pointed out how the battle between Johannes Virolainen and Ahti Karjalainen had once shattered the party.

Aho met with an unsympathetic response from a congress audience undisguisedly enthusiastic about the presidential race.

Mimicking Paavo Vayrynen, parliamentary representative Hannu Kemppainen clarified Vayrynen's government speech more straightforwardly. "The government base is being broadened so that the Center Party can make rejoinders to the other parties' contentious remarks," said Kemppainen.

Additional Nuclear Plants Rejected

Helsinki HELSINGIN SANOMAT in Finnish 15 Jun 86 p 7

[Article: "Center Party Takes Stricter Stand on Nuclear Power"]

[Text] The Center Party does not endorse the construction of new nuclear power plants. In the party's opinion, even current nuclear power plants should be abandoned when they become obsolete.

At its party congress in Lappeenranta on Saturday, the Center Party adopted a stricter stand than before on nuclear power. This stand is part of the response of the party congress to energy-policy initiatives, and it was confirmed on Sunday in the party congress statement.

The Center Party urges the government to determine as soon as possible how the country's electricity supply can be assured without building additional nuclear power plants. The next government should pledge itself to this policy in its program.

Sufficient basic power could be guaranteed, in the Center Party's opinion, by constructing several peat power plants. The party also urges the government to remove the obstacles from construction of the Kollaja and Vuotos basins.

The utilization of rivers already harnessed should be improved. On the other hand, the party wants to keep in their natural state those rivers which are still unharnessed.

As a source of basic power, the party favors natural gas in southern Finland as well as domestic fuels. Coal is also a possibility on the coast.

Vayrynen Speech Criticized

Helsinki HELSINGIN SANOMAT in Finnish 15 Jun 86 p 7

[Commentary by Anneli Sundberg: "Striptease"]

[Text] The slogan "new popular front" is purely the product of the personal genius of Foreign Affairs Minister Paavo Vayrynen and has not even obtained the undivided approval of those in his inner circle.

In the ears of many people, "new popular front" sounds more like the manifesto of the Bulgarian Peasants' Party than of a modern Western party.

As a blanket name it is good, however, the sign of a certain talent.

Not even Paavo Vayrynen is audacious enough to say outright: "I want to be prime minister after the elections. If I can't work out something with the Social Democrats, then I'll do business with the Conservatives."

It is unbecoming for a politician to present himself that naked to the people.

On the other hand, he can say that he is striving for a new popular-front government led by the Center Party.

That doesn't sound so personal.

There may be various opinions about the picture of Finland's future which is painted in Vayrynen's speech, but at least it shows that Vayrynen has some thoughts on the subject.

That's more than the other party leaders have.

Unless they quickly get their brain cells to work, they will still find themselves with shovel in hand, building a green information society for Vayrynen.

Party's Nuclear Stand Viewed

Helsinki HELSINGIN SANOMAT in Finnish 15 Jun 86 p 7

[Editorial Roundup: "Consistent Stand on Nuclear Power"]

[Excerpt] The Center Party's SAVON SANOMAT, which is published in Kuopio, praises the party for its consistent conduct on the issue of nuclear power.

The paper points out that as early as the 1980 party congress in Turku the Center Party dissociated itself from nuclear power and has stood behind its decision ever since.

"In opposing the construction of a fifth nuclear power plant, the Center Party does not formulate current policy in the shadow of the Chernobyl accident the way the Social Democrats and the Conservatives do, as they attempt to reverse their earlier stands which called for a speedy increase in nuclear power.

"It is now possible to obtain support for the Center Party's energy policy from the Left and the Right. It is worthwhile to accept this support. Unless the decentralized production of electricity proceeds without protest, there is good reason to include in the next government's program a negative stand on the construction of new nuclear power plants," writes the newspaper.

Prospects for Center, Vayrynen

Helsinki HELSINGIN SANOMAT in Finnish 18 Jun 86 p 2

[Editorial: "We Have Come This Far in the Spirit of the Times and in Accordance With Political Practice"]

[Text] The Center Party can be satisfied. The message about Paavo Vayrynen as the new Urho Kekkonen and as the creator of a fresh government alternative has gotten through, as per plan. The "bustle" and the uncertainty needed for reforms have entered the political arena at the same time.

The publicity focused attention on Paavo Vayrynen's dogged efforts and on the Center Party's speedy convalescence. Something at least as substantial has happened elsewhere. Not that long ago Kalevi Sorsa was persuaded--after some reluctance, sincere or feigned--to lead the Social Democratic Party for a little while longer. And President Mauno Koivisto's power of appeal has brought disappointment to the Social Democrats.

Society, to be sure, is not ready yet, but new kinds of emphasis are required in the pressure to publish statutory reforms. Even though the current government coalition is seen as a stopgap, no one has been able to diagram a better one, largely because of the Left's downhill slide and the schism between communists.

Referring to the Center Party, the main organ of the Social Democratic Party now says that "previous forms of cooperation were unambiguously rejected at the party's 80th anniversary congress. Cooperation with the Left was found to have lost its might." On the other hand, it was publicly declared even before that any government of the Social Democratic and Center parties "has eaten its victuals" and needs some more.

In the course of time, Kalevi Sorsa lost patience with the Center Party ministers and lightheadedly considered the Conservative Party more willing to compromise than the Center Party. Joint and, it is true, in themselves meaningless talks between the leaders of the Conservative and Social Democratic parties provided the Center Party with further reasons to judge the moment opportune for defining a forceful course of action.

At the same time, the growth in prosperity and the attentiveness to national interests on international markets have strengthened the bourgeois temperament generally and in all the parties. No direct parallel should be drawn between this and a drift toward conservatism. The Conservative Party, too, could become a collaborative partner of the Social Democrats if only it would agree to call itself a middle-of-the-road party.

The differences can be regarded as that superficial when it is politically expedient. There is a general desire and need in the air to try out a new government coalition for the benefit of the nation. However, each administrator party is least interested, naturally, in those tryouts which could endanger its recently attained position.

In this situation, the Center Party turns opportunistic again and plays the "Conservative card" the way it did before during the elections. But if it attains a sufficiently strong position, a government partner can be chosen from the Left just as well as from the Right. It is true that Paavo Vayrynen speaks positively about the leftwing government's achievements, but achievements are usually forgotten when people are groping for power. He announces at the same time that there is no longer any alternative to conflict with Kalevi Sorsa and the Social Democrats.

The Conservative Party is in the most awkward spot. In this situation, it must play the Center Party's game on the Center Party's terms, when no other offers are made. Putting all the parties in the same position after the elections is a questionable but clinical solution dictated by necessity to the Conservative Party, which finds itself on the brink of frustration and futility.

Mauno Koivisto's low profile in foreign policy undoubtedly provides crucial space for Foreign Affairs Minister Paavo Vayrynen's presidential aspirations. While Kalevi Sorsa tends to matters of secondary importance in the Socialist International and in Finnish-USSR relations, Paavo Vayrynen can avouch to East and West--without offending anyone and to the annoyance of the Social Democratic presidential candidate--that he is steadfastly following Kekkonen's foreign-policy line.

As the Social Democrats themselves have relinquished this excellent post to Paavo Vayrynen, no harm to our foreign policy needs to result from it--not without provocation at least. They have also stopped repeating that the desire of a foreign affairs minister to become a caliph is inappropriate for someone who manages the president's foreign policy.

At this stage, of course, the small parties do not want to lose the opportunity for an independent opening by committing themselves to some party in power. Their present stands on major policies are not of pressing importance. Written off, the people's democrats are huffed but for the time being powerless. They will not be insignificant in the parliamentary elections, but the Left must make up its mind by the time of the presidential elections how it can best promote its common interests.

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CSO: 3617/130

POLL RESULTS ON POLITICAL PREFERENCES AROUSES CONTROVERSY

Initial Results, Comments

Athens TA NEA in Greek 9 Jun 86 p 6

/Article by Giannis Fatsis: "PASOK Surpasses NE by 6%"./

/Text/ The ND loses the game again. It gave a political character to the municipal elections. But it did not assess its strength. The poll that took place (here and now) at the beginning of the electoral fight, shows PASOK ahead of the ND by 6 percentage units. It is a noteworthy fact - a preliminary indication of how the elections will go.

This is the political conclusion that comes from the poll conducted by "Eurodim" and is combined with the evaluation that during the critical electoral rivalries (such as '81, '84, and '85) the anti-right mood is clearly expressed.

Another political conclusion that comes from this poll is combined with the evaluation that the voters are continuously giving the PASOK government "more time". Even in the case of the harsh measures for the economy, the voters (to a large degree) show understanding or consent or acceptance.

This phenomenon is noteworthy: that in 2 months, the confidence in the benefit of these measures increased by 10 percentage units, and in 6 months, the evaluation that the government policy in combatting inflation was successful increased by 13 percentage units.

This research was conducted in the wider area of Athens where the ND mostly wants to stage the "political battle".

It starts its struggle with a poll unfavorable to it.

Stable Phenomenon

We find this six unit difference between PASOK and the ND in two instances. It is a stable phenomenon during the last six months.

In the first instance, the question that was asked of the voters was: "If elections for Greek parliament were held today, what party would you vote for?" The answers that were given were: 38.5 PASOK, 32.5 ND.

In the second instance, the question is posed for the future on the preference of the voters. Specifically, the question was: "What party is it probable they would vote for some day?" The answers that were given: 46% PASOK, 40% ND.

If we compare this image of electoral strength of the two parties with the image that was given in previous polls (by the same company and with the same method) we see that:

1. In the Mar 86 poll the indications were: PASOK 32%, NE 32.5%.

2. The Nov 86 poll provided the results: PASOK 33%, ND 34.5%.

PASOK's climb (6.5% since March and 5.5% since November) is impressive and ND's drop (by 2% from March and from November) is noteworthy (and stable).

The probable image of the electoral strength of the other parties (according to the present poll) are: 14% KKE, 5.5% KKE (interior), 4.5% Democratic Renewal. Other smaller forces got a total of 2.5%. Another 2.5% was covered by the undecided. These were results to the question: "What party would you vote for today for the Greek parliament?"

The answers given to the question what would they probably vote for "some day" were: 26% for the KKE, 27% for the KKE (interior), 22% for the Democratic Renewal, 3% for EPEN /National Political Union/, and 32%(!) for an ecological party.

Comparisons with previous polls of the same company show that the KKE has a small drop (2% from March and 2.5% from November), while the strength of the KKE (interior) has a steady relationship between the present poll and the respective one in November and a one unit rise between the present poll and the one in March.

Furthermore, Democratic Renewal shows an increase in its strength since March (4.5% at the present time, 3% then) and a drop since November (5.5% then).

From the analysis of the polls that refer to the present preference of the voters, it appears that: there is a transfer of the voters (by about 2%) from the ND to PASOK. The transfer of voters from PASOK to the ND is nil.

The movement within parties of the Right is marked with an impressive 11% from the ND to the Democratic Renewal and 1.5% from the ND to EPEN.

Furthermore, 1% of the PASOK voters transferred to the KKE, while 3% of those who voted for PASOK in 85 presently are undecided. It also come out that the KKE has the most faithful voters. Ninety eight per cent of those who voted for the KKE in 85 stated they would vote for their party again (2% would vote for PASOK).

Second in the stability of its voters is the KKE (interior). Ninety four per cent of its voters would vote for it again while 6% transferred to the undecided.

The evaluation of the total accomplishment of the government (during the five-year period 81 - 86) gained some points. Of those asked, 48% answered that it is "rather positive", while 52% claimed it was "rather negative".

The respective numbers during the November poll, however, were: 46% and 53%.

It is evident that the economic measures are included in these evaluations. Beisdes, 12% of the PASOK voters who were asked is included with the ones that considered the accomplishments of the government this past year to be "rather negative".

It Appears Strengthened

But the public opinion evaluation of the economic measures appears to be strengthened during the past two-month period.

In answer to the question if these measures benefited the Greek economy, the positive answer was 29%. The answer to the same question in last March's poll was 19%.

The 10 percentage units gained by PASOK during these two months is an important element of the credibility of its policy in the economic sector or perhaps it is the evaluation of the public opinion that the stability of the economy could not become an objective without some harsh measures.

But even the trust of the voters in the effectiveness of the policy for fighting inflation noted, during the last two months, an increase of 13% (14% in March, 27% today).

The image projected by the economic situation to the voters may be completed, if certain other results of this poll are considered. These are:

1. Forty three percent said that the present problems of the Greek economy have been caused by the international economic crisis, 36% said the responsibility lies with the economic policy of PASOK, and 19% said that the cause should be sought in previous governments of the ND.

2. Thirty eight percent said that these measures will take the Greek economy out of the crisis, while 57% gave a negative answer.

The voters, however, show a greater confidence in the effectiveness of the foreign policy of the government (44%). Seventy two percent of those asked consider the foreign policy of PASOK to be different than the respective policy exercised by the governments of the ND.

The Ecologists are "Coming"

Sensitizing the population on the problems of the environment has produced two impressive indications:

The first is the following: in answer to the question "what is the most important problem of the country" priority was given to the protection of the environment (26%).

The second is the following: 32% of those asked said that it is possible that some day they would vote for an ecological party.

And there is a third element that refers to the problem of the protection of the environment: 72% of those asked were against the installation of nuclear plants in Greece. Only 3% said that the nuclear plants were harmless and should be installed, while 24% said that even though these plants are dangerous they should be installed.

There is no doubt that the Chernobyl accident greatly influenced the sensitivity of the population on this problem.

In Nov 85, the poll indicated that the most important problem was inflation (38%). Naturally, the subject of the harsh measures taken by the government was "hot" during that period. The protection of the environment at that time came third as a problem (just 10%).

A spectacular element provided by the new poll refers to the low percentage of undecided. This phenonemon certifies the mood of the voters to take a position regarding the problems of the country. It is a positive indication of the citizen's interest in public matters.

PASOK Ahead of ND

Athens TA NEA in Greek 10 Jun 86 p 3

/Article by Giannis Fatsis: "The Poll that Chills the ND"/

/Text/ The poll published yesterday by TA NEA rang the bell for the ND, determining-right now-the fate of its decision to give a political character to the October elections.

The poll puts PASOK ahead of the ND by 6 percentage units in two instances. First for the question: "if Greek parliamentary elections were held now, what party would you vot for?", as well as the question on what party those who were asked would vote for "some day". The answers confirm the steady distance that exists between PASOK and the ND.

In these two instances, those who were asked in the "Eurodim" poll (that took place in the Athens, Piraeus and suburbs area) said: 38.5% to PASOK, 32.5% to the ND, to the question if elections were to be held today, and 46% PASOK and 40% ND if elections were held "some day".

This steady distance of 6 percentage units in the strength of the two large parties supports the prediction that the ND is starting a losing electoral fight. The two tables that are being published today in TA NEA show how the voters stand against the parties.

The Confidence

Just as noteworthy is the stand of the voters towards the policy of the government in certain basic sectors. The most important sectors are the economy and foreign policy.

The government is winning the confidence of the voters in handling national matters and its credibility in the subject of the objectives of the economic measures it took in the fall of 1985 is also increasing.

In the first case, 72% of those asked said they were satisfied with the foreign policy exercised by the government.

In the second case, the tendency to accept the economic measures of the government increased by 10 percentage units.

The relationship between economic measures and personal interests can illuminate the problem if we consider that: 47% of those asked said that these measures neither benefited nor harmed them.

Nevertheless, 46% said that these measures harmed them.

The view of the voters who were asked that determines their confidence in the government's handling of the principal subjects of its policy, is defined by the following numbers: 44% for foreign policy, 43% for health and welfare, 38% for education, 38% for informing the public, 35% for the reorganization of the public administration, 35% for the policy on wages and pensions, 19% for fighting pollution, and 18% for fighting unemployment.

By comparing with previous polls (Nov 85), we find that the confidence in the foreign policy of the government increased by 3 units and the confidence in the policy for fighting inflation by 13%, while the confidence in the policy for health diminished by 3 units and for informing the public by 2 units.

The Environment

The answers of the voters asked questions referring to more specific matters of government policy are interesting.

These answers show that the most important (because of the Chernobyl accident probably) problem of the country is the protection of the environment (26%). The other problems are: unemployment (24%), inflation (23%), Greek Turkish relations (11%), energy (7%), relations with the USA and NATO (5%), and the reorganization of public administration (3%).

Of those asked, the ones who said the protection of the environment was the number one problem last year were: PASOK 30%, ND 30%, Democratic Renewal 16%, KKE 8%, KKE (interior) 28%.

Another subject covered by the Eurodim poll is the subject of the function of the democracy. According to the answers that were given, 47% of the voters are quite pleased with the function of the democracy, while 53% are pleased a little or not at all.

The Satisfied

Of those who are considerably or quite pleased, 90% voted for PASOK in 85, 15% the ND and 16% the KKE. With the "intention to vote today" 94% belongs to PASOK, 14% to the ND, 24% to the Democratic Renewal, 18% to the KKE, and 27% to the KKE (interior).

Of those who are a little or not at all pleased by the function of the institution, 10% voted for PASOK, 85% for the ND and 84% for the KKE. With the "intention to vote today" 6% belongs to PASOK, 86% to the ND, 76% to the Democratic Renewal, 82% to the KKE, and 73% to the KKE (interior).

In Nov 85, the correspondence between those who were considerably or quite pleased to those who were a little or not at all pleased with the function of democracy was 41% - 59%.

Of those who were a little or not at all pleased, 23% belonged to PASOK, 84% to the ND, 90% to the KKE, and 86% to the KKE (interior).

Generally, the image of the voter today can be regarded as positive on the basic sectors of policy being exercised in our country.

The poll tables below give a clear picture of how the voters stand and their reactions to timely matters in public life.

Table 1: If elections were to be held today, which party would you vote for?

	ND	Democratic Renewal	PASOK	KKE (interior)	KKE	Remaining Parties	Undecided
Total	32.5%	4.5%	38.5%	5.5%	14%	2.5%	2.5%
Vote 1985							
ND	86	11	0	0	0	3	0
PASOK	2	0	88	4	2	1	3
KKE (int)	0	0	0	94	0	0	6
KKE	0	0	1	1	98	0	0

Table 2: Which party would you vote for some day?

	PASOK	ND	KKE	KKE (interior)	Democratic Renewal	EPEN	An Ecological Party
Total	46%	40%	26%	27%	22%	3%	32%
Vote 1985							
ND	2	99	0	3	47	8	13
PASOK	97	7	24	43	12	0	41
KKE	19	0	99	16	0	0	25
Present Intent							
ND	4	100	0	2	41	5	14
Dem.Ren.	4	100	0	8	100	8	16
PASOK	100	4	23	39	11	0	40
KKE(int)	25	0	15	100	0	0	81
KKE	22	0	100	22	0	0	25

Table 3: Have the measures for stabilizing the economy been beneficial to the Greek economy?

	Considerably or Quite	A Little or Not at All	No Answer
Total	29%	69%	2%
Vote 1985			
ND	0	98	2
PASOK	66	33	1
KKE	8	92	0
Present Intent			
ND	0	98	2
Dem.Renewal	0	100	0
PASOK	71	27	2
KKE (interior)	7	90	3
KKE	8	92	0

Chernobyl Influence Discussed

Athens EMBISTEVTIKO GRAMMA in Greek 11 Jun 86 p 7

/Text/ Is Chernobyl Influencing the Greek political scene?

The Eurodim poll conducted from 22 to 26 May was published by TA NEA on Monday 9 Jun 86. According to this poll, the situation from a point of view of the intent to vote is developing in the capital area in the following way:

	Nov 85	Mar 86	May 86
PASOK	32%	33%	38.5%
ND	32.5	34.5	32.5
KKE	16.5	16	14
KKE(interior)	5.5	4.5	5.5
Democratic Renewal	5.5	3	4.5
Undecided	7	8	2.5

There were also answers to the question: "is it probable or improbable that you will vote some day"?

	Nov 85	Mar 86	May 86
PASOK	46%	47%	46%
ND	41	42	40
KKE	30	26	26
KKE(interior)	27	21	27
Democratic Renewal	29	21	22

During the period the poll was conducted, the subject that appears to influence the public opinion is the Chernobyl case. It appears from the facts of the poll that this case has two consequences. During the period the poll was conducted, it defined the protection of the environment as the "most important problem of the country" (26%), displacing the economic problems (inflation-unemployment) from first place. It restricted the undecided to the abnormally low percentage of 2.5%. It is a percentage that appears only a few days before elections and is evidence that something entirely exceptional is happening during the period of the poll to the public opinion.

The question these facts pose is whether this sudden reduction in undecided voters and the subsequent gains of PASOK comprise a passing phenomenon and what will PASOK retain finally after the Chernobyl "effect" indicated by the poll has passed. From the answers to the second question we pose, it is nevertheless clear that nothing has changed radically in the long term political scene that has developed since September. In other words, stagnation and immobility in the area between ND and PASOK. The small percentages of the Democratic Renewal, but "burning" for the ND, and the intense activity in the area left of PASOK (with PASOK and the KKE(interior) being the winners, according to the poll for this round, because of Chernobyl and later developments).

Different Poll Results

Athens EMBISTEVTIKO GRAMMA in Greek 11 Jun 86 p 8

/Text/ The Poll: Another View

A considerably different picture was given by another poll done by Icap-Gallop on 30 May 86 and 1 Jun 86 in the same area (Athens, Piraeus). ELEVTHEROS TYPOS published two questions from this poll. The most interesting question was the following:

"Do you believe that the government with Mr A. Papandreou as prime minister is in a position to give solutions to the problems that concern Greece at this time or not?"

	May 86	Oct 85	Nov 84
Yes It Is	30%	37%	46%
No It Is Not	36%	?	?
No Answer	35%	?	?

At this point two phenomena raise a question: The very large percentage of those who did not answer, especially in relationship to the low percentage of undecided in the previous poll (in any case, this must have been influenced by the different techniques used by the two companies in sampling). The drop in the confidence in the government in comparison to Oct 85 (something that ordinarily should be reflected to some degree in its electoral percentage).

It is a fact, however, that the picture the two polls present are not so radically different that it cannot be explained by the different form of the questions, the different methods of sampling and the natural statistical error that is 2-3% for samples of this size.

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CSO: 3521/131

BRIEFS

IMMINENT CHANGES FOR UNITA—In 6 months' time, L'UNITA will be a brand-new newspaper. Hard at work on the plans for the paper is a team headed by Renzo Foa, assistant editor for the Rome edition, Giancarlo Bosetti, who does the same job for the Milan edition, and Carlo Ricchini, in charge of special projects that will require outside collaboration and consultation—mainly graphics designers and language scholars. The decision to change the format and publish in color is still subject to checks and double-checks as to costs and economic capabilities. The toughest nut they have to crack, though, has to do with the paper's content: how to print political messages, thereby breaking the long-standing tradition at the PCI's daily. "The point at issue," Renzo Foa explains, "is how to be the Party's mass communications medium and still reach outside the Party and becoming a landmark for a far broader area." That problem arose last year, during which there was impassioned public debate about the Italian Communist Party, a debate that got a great deal more coverage in other newspapers than in UNITA. The crucial decision was reached the day after Gerardo Chiaromonte and Fabio Mussi moved into the editorial office. [Text][Rome L'ESPRESSO in Italian 15 Jun 86 p 33] 6182

CSO: 3528/171

POLITICAL NETHERLANDS

LABOR, LIBERAL PARTIES DRAW CONCLUSIONS FROM ELECTIONS

Amsterdam DE TIJD in Dutch 6 Jun 86 pp 8-11

[Article by Tom-Jan Meeus]

[Text] The great disarray after 21 May.

How the VVD [Liberal]- and PvdA [Labor]-parties lick their wounds.

While the CDA-party is busy forming a new cabinet, led by Lubbers, De Vries and De Koning, an atmosphere of disarray pervades within the PvdA- and VVD-parties. Prime Minister Lubbers' election victory on May 21 dealt the Liberal and Labor parties a resounding blow. How is the VVD planning to get itself out of the bad situation it is in now? Why is actually every solution a wrong one?

And what about the PvdA's jagged perspective for the future? 'There was less solidarity that we hoped there would be.' What about Andre van der Louw as the new party chairman, and what about a joint opposition by Kok and Van Mierlo?

Interviews with Huub Jacobse (VVD member of Parliament) and Wim Meyer (PvdA member of Parliament).

In the CDA-party nobody worries, except for an odd loner. The second Lubbers-cabinet will be formed. The party-members are optimistic and self-confident.

How different [the atmosphere] is in the other parties.

In the past weeks the disarray in the VVD-party took on almost embarrassing proportions, and it is by far not over. The disarray in the PvdA-party has temporarily been given over to a committee inquiry. But the disarray is there, without a doubt.

The analyses of the election results have been made; the wounds are there for everyone to see, and the question is now: how to heal them? How is the struggle within the VVD-party going to end? How is it, that 'no definite choices' will be made, and that the discord will remain? Will Nypels remain in 'an important position' after all?

What is the new PvdA-strategy going to be? An opposition led by Kok and Van Mierlo? Andre van der Louw as new party-chairman?

About the future of the VVD- and PvdA-parties.

* * *

Last Monday he officially said farewell to the Chamber. Last week he cleaned out his files at the Binnenhof [Seat of Dutch Parliament], he discovered that his telephone-'beeper' had already been taken over by a newly-arrived CDA-Chamber member, and he found plenty of opportunity in between to keep abreast of what he prefers to call 'the discussion in the party.'

Huub Jacobse after a stint of 9 years as a member of the Chamber is going to resign, which saddens him a bit. He does not look optimistically to the future of his party, [but] his personal future--without all those, who are 'addicted to politics' around him--he sees in a much more rosy light. But in his party, business is business; we had agreed to talk with him about the VVD-party, in which he, as a typical Amsterdam representative always belonged to the 'left'-liberal, but loyal, wing.

His analysis of all the things that went wrong within the VVD-party in the past months differs little from what had been noted so often: the VVD-ministers showed themselves to be too accommodating in the Cabinet where less important questions were concerned, whereas in the party-factions on the other hand the members were too impetuous, the entire faction-leadership lacked political (crisis)-management experience, and in the end he also thinks it would be 'sensible' for Nypels to step aside as 'political leader,' a term which he, as a matter of fact, 'can hardly bring himself to utter': "Behaving as if a faction-chairman should lead Cabinet Ministers. That is ridiculuos, isn't it? Moreover that erodes the position of parliament. Yes, I know that Nypels himself came forth with the theory of 'strategic monism.' That turned out to be wrong." His personality prevents him from using milder expressions.

Self interest

More important, however, is the question of: how the VVD can stand solidly both before the electorate and behind the party platform. He knows that it will come to a coalition government with the CDA again, and that the party will have to give in on a number of issues, but if they [the VVD] do not know how to be specific in their terms the CDA will 'devour' the party even further. And that must not happen.

[Question] There are VVD-[party members] who say: we have to make it clear that the CDA is now the VVD's prisoner. The VVD has, after all, become the only possible coalition-partner for the CDA, and that is a situation that you can take advantage of. Do you think so too?

[Answer] The term 'prisoner' sounds too strong to me. But what I do find too far-fetched is: what some in the CDA-party are shouting, following the election results, that the VVD no longer has any say. Chatterers like Mateman for instance, who say, that VVD members are only permitted to seat themselves around the table, and that's all they are permitted to do. I do realize that the 21 May-results must have consequences, but, because it is almost impossible for both parties from the electoral point of view alone to form a coalition with the PvdA, the CDA will have to factor in the opinions of the VVD, if only in its own self interest.

As a VVD-member you must ask yourself of course: what are we going to do with the CDA? In any case, I am convinced that a man like Wiegel will advocate an out-of-date solution. Something like: is the CDA willing to take a moderate position and the VVD a more right-wing one? That means that the VVD must take a position to the right of the CDA and be right-alongside the SGP [Reformed Party]. That is not popular with the electorate, nor consistent with liberal principles."

[Question] A number of VVD-members of Parliament did take that line in the past years, in contrast to at least part of the faction.

[Answer] "Well, those members of Parliament were of course right in the middle of the action [and said]: 'Folks, the Cabinet is doing alright, and so is the economy. Don't spoil it with all kinds of other things.' That is understandable, but in the long run [that theory is] not palatable to a genuine liberal constituency."

In the middle.

[Question] In fact, what you are advocating is the opposite, the positioning of the VVD closer to the middle, isn't it?

[Answer] If the VVD wants to avoid being squeezed between the CDA and SGP, the party will have to take a moderate stand on less important points. The VVD will again have to pour over its positions, as they were written down in the Liberal Manifesto a few years ago.

[Question] In fact don't you admit by saying this, that Nypels' efforts to come to a good ruling on those points were right, or at least not without merit.

[Answer] Certainly not without merit. Look, the objections which now are pinpointed to Nypels--and in my opinion too much on him alone-- come from two sides: the one side says that he adhered too much to them [those rulings], the other side says that he didn't adhere enough to them."

[Question] And what is your opinion?

[Answer] The faction has drawn the attention to those questions in the past years, but not sufficiently enough to make that believable to the membership." And that, according to Jacobse, was caused by the faction's lack of experience in political management. Slow to improve that!

[Question] Compare how the CDA handled [the problem of] euthanasia: that party had similar problems between faction and ministers. The CDA solved them, VVD did not.

[Answer] "Yes, that is true. And for that reason a discussion in the VVD-[party] is taking place at this very moment, and that is good. The moment is now, because if you don't do it now, you will have to deal with hardened positions again in half a year's time. But that has many consequences, because there will be new people in important positions. Although, nobody is counting on the possibility of Nypels returning as vice-chairman, for example, I don't rule out that possibility at all. I'll put it stronger: any solution involving the leadership in which Ed Nypels plays a role, is more sensible and has a greater chance of succeeding than all other ways and options, of which there are as many as there are VVD-members in the Hague at the moment."

A real crisis

He smiles. "Oh, all the fuss at the moment. PvdA now says that we are doing very badly in crisis-management. That is, of course, because we have never had to deal with a real crisis. But it is true, that at the moment they are very clumsy in handling it."

[Question] That is also, because the crisis is fairly extensive, isn't it?

[Answer] "Exactly, because it involves not merely one person, but fundamental problems with the long-term political profile in the background."

[Question] The question is then: who is going to win, and who do you hope he is going to defeat?

[Answer] "Well, the problem is that you can hardly speak of consistent movements--and having said this I positively distance myself from all those stories in the newspapers. 'Conversatives opposite liberals'--that picture is pure nonsense. Moreover, the question of which people are going to land in which posts plays right through all this, but that actually stands apart from the discussion. There is no coherent picture--and that makes the problem in itself perhaps even more difficult. For almost everyone the relationships are opaque. A variety of things are being discussed: not only about ad hoc solutions for ad hoc problems, but also, for example, the long-term profile. That makes it altogether very difficult and almost inextricable."

[Question] You are trying to say that you too don't exactly know what is going on?

[Answer] "A lot is going on. Not only the selection of people, who are going to be prominent in the Cabinet, the faction, and the party leadership, but also the choice of a political direction. Just take the faction alone. It has been said that not only Nypels, but the whole party leadership, thus the party management, has not functioned successfully."

[Question] Not only Nypels, but also Evenhuis, Dees, Hermans, De Korte...

[Answer] "Yes, and then again you cannot say that it was their fault, because again there are nuances. That makes it altogether very complicated and more difficult to discern."

A ticklish job.

[Question] If it is all that difficult, it will hardly be possible to solve in a decent way, will it?

[Answer] "It will be a ticklish job to find a completely watertight solution. I have neither the hope nor the expectation that that will come about everywhere. But I must add that to portray the situation as a bunch of cut-throats trying to do each other in, is really inaccurate."

[Question] More interesting actually is your own remark that a good and solid solution is impossible to find.

[Answer] Indeed, I can predict that in the search for solutions, mistakes will be made. I think, that in the coming months it will turn out that a number of problems have not been solved. That is expecting too much."

[Question] Will the VVD remain an internally divided party?

[Answer] The choice that the VVD has--whether to go to the right or to the middle--is about like choosing between a headache and a stomachache. And the ones that are not for this choice, say: let's wait and see."

[Question] Does that mean that VVD will choose division?

[Answer] "Nobody knows at this moment where we will end up. Nypels doesn't know, neither do Kamminga and Bolkestein, and Korthals Altes knows even less. Nobody knows. Therefore, the problems that are being discussed now, will definitely crop up a number of times during the coming years. You don't have to be a prophet to foresee that."

At the Binnenhof a single CDA-party member could be spotted, here and there, who was somewhat less enthusiastic about the VVD-party's struggle over the direction to take: that does indeed make the VVD-party most unpredictable in the coming Cabinet period. Jacobse's words give more credence to the opinions of the CDA-members who are unhappy about the VVD-situations than to the ones that look upon the chaos with glee.

* * *

"Indeed, I have said that about the red flags. I find it, well uhhh..." He explains that as far as he is concerned there is nothing wrong with those red flags. And [he] smoothes over: "The rose in the fist, seems to me to be the right symbol. We won't give that up." Joop den Uyl, [speaking] last week Saturday at the PvdA-party-council meeting.

The picture [is this]: the PvdA's big struggle with its self-image. Even the color of the party flags was discussed last Saturday. But in the end everything remained as it was. The party-council didn't want to change anything. It decided to have an inquiry about the 'political goals, strategy and image.' This, in order to continue the discussion in the party, either within or outside the framework of the inquiry.

Wim Meyer belongs to the leading [PvdA] politicians of the Hague. He is not known as the most progressive of them, which caused him, at the end of the 70's, despite the support of leading PvdA-members, to lose the struggle for the party-chairmanship to Max van den Berg. But, well, that is not a forgotten case. A new chairman will be elected, and Meyer has a pretty good idea what kind of person that is going to be.

[To bring] the horizon closer.

But first something else. The middle. In the past weeks many a 'high-level' PvdA-member has let it be known, that that is the direction the party ought to take.

Meyer: "What is meant with that? I find all of it rather mysterious. It is something like walking in the direction of the horizon, and by so doing trying to bring the horizon closer.

I do agree with the thought that we as a party need to have a strengthened party-base in certain groupings. Call them center-voters, from the socio-economic point of view they are middle-class groupings, people who now vote for the CDA- or D66-party, and also wouldn't mind voting for the PvdA. We must address these people more--that is something quite different from moving to the middle."

[Question] It is indeed typical that you describe it immediately as a change in voters and not a change in party-policy.

[Answer] "Yes, I do describe it in voter terms. Let me give you an example so that it will be clear for you to see how you can discuss it. If you want to implement a real employment opportunity policy in the future, then redistribution of labor is necessary. Redistribution of labor is not dealt with only politically, but above all must also have industry's input. Well, in industry support of the moderates is important, because they are the ones that have to organize it in practical terms. The moment that they are not convinced or aren't motivated to support [that policy], we as a party cannot go on with this kind of policy in our program. In that case we will be organizing too little support. As a social-democratic people's party you need active support of moderate groupings in order to bring about reform measures. I think that we have to keep that well in mind. Because on that point we have partially missed the opportunity."

[Question] How, why, in which way?

[Answer] "There are many causes. I think, for example, that there was quite a difference of perception in the minds of people in the factories and the representatives in the Chamber about how redistribution of labor should be accomplished."

Regulators from the top.

[Question] You say that your platform was not sufficiently believable?

[Answer] "Yes, in the party image."

[Question] That is a far-reaching problem.

[Answer] "Yes. And, of course, I am not only speaking about the labor-union membership, although there are question-marks there also."

There are more problems, however. "It is not the image alone. That is also a problem. We have, after all, gotten the image of being the regulators with moderates for role-models, laws, and what not, and we haven't come out looking good. In our memoranda we did opt for a decentralized plan, but somehow we got stamped as being the regulators from the top who would stem growth, and slow down investment." How did that happen! He points at the inquiry.

[Question] After all, such an inquiry is never objective, is it? It can at most put a number of opinions carefully in a row, isn't that so?

[Answer] "Certainly, certainly, certainly. Perhaps--and this we will have to look at carefully--we are in a phase in which economic recovery gives people the thought of: I wouldn't mind profiting from that recovery as well. That is different from some time back, when those same people were indeed prepared to pledge solidarity, because of the sense that the misfortune of being unemployed, for example, could hit them as well. Maybe an atmosphere was created by the Cabinet, but also by employers who were willing to put money on the table, but were not willing to allow a 36-hour workweek--whereby everybody got the feeling, that everything would turn out right, that no drastic redistribution of employment was necessary, that it could be done differently too, because Lubbers' policy comes to a figure of around 500,000 unemployed as well. He [Lubbers] promised a purchasing-power guarantee also, stability in social security and, if possible, a rise in benefits. That kind of circumstances has given the voters, which PvdA needs, insufficient reasons to vote for the PvdA."

[Question] There was less solidarity than the PvdA hoped there would be?

[Answer] "I think so. You have to be careful with [this pronouncement], but I do think so. You see, solidarity has to be organized. There have to be goals people can strive for. Those goals, evidently, have to be brought out more clearly."

To cooperate with D66.

The PvdA is seeking voters, who on 21 May did not believe sufficiently in the plans of social-democracy. But how should the party represent itself in Parliament? Meyer has an idea. He wants to work together with D66--although that could also mean an electoral attack on the D66-party.

"I think that in the coming years perhaps a broad center-left wing will have to be formed. The bind in which the PvdA finds itself is nothing exclusive. The PvdA-party is not alone in having to worry about the question of how to make a dent in the center-right power position of the ruling Cabinet. That also goes for D66 and one or more parties that lean somewhat to the left. I don't have ready-made solutions for this question, and I am not ready to try out once again old tactics from the past. But, if we are decided to have an inquiry within our own circle, why then shouldn't we seek together a way to come forth with a different policy which is in our best interest. What I do believe in is this: a pulling together of ideas on a different, progressive policy. I don't want to go back to the discussion about a Progressive People's Party. Look, the slogan of D66 was of a different political nature. So too was the essential content of the alternative [policy] of the PvdA and the other progressive parties. All of us together want to be the alternative for [a] center-right policy. Starting from the point that the political split will never give the left a majority in the Netherlands, without far-reaching constitutional reform, you have to conclude that the left will always have to govern with either the VVD or CDA. If you want to enlarge the chances of that kind of a center-progressive government, then you will have to choose a joint coalition. What I always say is: Let's see, what self-analysis as far as that point goes will lead to. Since D66 has won parliamentary seats also, they, just as we, have the problem of what to do with them."

[Question] Are you thinking of an opposition of Kok and Van Mierlo cooperating with each other?

[Answer] "Yes. If you reject the government now in power, and start opposing then, in the manner in which you conduct the opposition, you can fine tune it to what you expect it to be in the future, can't you? That doesn't have to be done on a tiny scale. But it can very well be done jointly." The answer is up to the Democrats.

Bridge builder.

Den Uyl is leaving, and is succeeded by Kok. Van den Berg is leaving also, but his successor isn't named yet, and won't be chosen until April next year. Does Meyer have any ideas about who the new chairman should be?

[Question] You have told the NCRV-[Dutch Christian Broadcasting Company] radio that you are in favor of a party-chairman "who, instead of driving piles into the ground, builds bridges." That is breaking with the past!

[Answer] "In which way?"

[Question] It is difficult to deny that here and there piles have been driven into the ground by the party-chairman in the past years!

[Answer] "Oh well, yes, but we are now talking about the future."

[Question] Do I have to conclude from your argument that you are eyeing someone with the Hague [parliamentary] experience?

[Answer] No: "What my ideal would be is, to find someone who is available to allow the pluralistic PvdA-membership to communicate with each other openly, so that political creativity can be encouraged, with an open eye and without fear of new ideas. I agree with Felix Rottenberg, at least I am very sympathetic to his ideas about this matter. The PvdA must be a kind of spiritual haven for progressive politics. There must be an atmosphere of creativity, tolerance and encouragement, and less an atmosphere of procedures and intricate meeting-schedules. Only then will you get the vigor, only then will talent rise to the top. In order to get that, I am looking for a bridge builder. But there is something else. That has to do with building bridges to reach new voter-groups. To do that, a party-chairman plays a very important role. The building of bridges is thus meant in a dual sense."

[Question] As for the last statement, you are clearly hinting at a middle-of-the-road figure!

[Answer] "As far as I'm concerned, that's not necessary. Just think back to the times of Andre van der Louw. He entered as a controversial party-chairman. But I believe, that in the early 70's Van der Louw succeeded in involving a great number of the younger generation in politics through his actions. He also got groups of people, who supposedly were not directly in touch with the party, interested in the PvdA-party. The political orientation of the new chairman doesn't interest me that much, honestly speaking. Usually the chairman is somewhat more left than the people in the organs representing the party. The chairman being somewhat more left doesn't matter, as long as there is a connection to the movement."

No claim.

[Question] Andre van der Louw is available. He could continue the trend of the beginning 70's in the middle 80's.

[Answer] "No, I won't name names. But let me say this: I am quite convinced that he was a very good chairman. But, on the point of whether I should advise him to exert himself a second time; I think, that should be left to the person himself to decide. In any case it is the party's duty to determine in the first place what kind of chairmanship is wanted."

[Question] Would you prefer that he [Van der Louw] make a positive decision?

[Answer] "I don't have a claim on him, that would be irresponsible. He and the PvdA-party stand free of each other. But let me say this: that what he represented then, gave perspective and spirit to the movement. But I see other people within the party and the movement who possibly could evoke this. We are not in need of people."

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POLITICAL SWEDEN

CONSERVATIVE NEWSPAPER: ADELSOHN HAD DIFFICULTY IN OPPOSITION

Placed Stamp On Politics

Stockholm SVENSKA DAGBLADET in Swedish 5 Jun 86 p 2

[Commentary by Ola Gunnesson]

[Text] When Ulf Adelsohn agreed to assume the task of leading the Conservative Party, he had been reluctant to take this step for a long time. I believe I dare say that he never sought the leadership role.

During our conversations over several years, he often spoke of his concern about possibly having to shoulder such a heavy responsibility some day. Would he be able to do the job? Would he be able to handle the stress of confronting Olof Palme in important debates? What would happen to his private life and the personal integrity he had always valued so highly?

Ulf Adelsohn did ask these questions with a slight dread in his voice. Uprightness and honesty are among Adelsohn's characteristics. I have known him for decades and am convinced that his concern about the task of leading the Conservative Party was completely genuine.

When he was elected, he stated his reservations: he did not intend to remain in this office permanently; he would serve for a period of time; later he wanted to do other things in life.

Perhaps one might say that Adelsohn lacks real passion for politics and the will to totally concentrate on being a leader, which is required of anyone who wishes to remain at the very top for a very long time. If so, it is logical that he wants to leave after 5 years and two elections which, let us not forget, were the Conservative Party's best during the postwar years.

Anyhow, one thing is certain: Adelsohn finds it difficult being an opposition politician. He himself usually says that he is too executive-minded for the role. He would like a real job, giving him the opportunity to make decisions and achieve results. He often talks about the time he spent in Stockholm city hall, where he felt completely at home. This was a happy period!

There is much to suggest that Ulf Adelsohn would have stayed in Swedish politics much longer than is now the case had he been chosen to head a nonsocialist government or appointed to another top post in such a government after the election last fall.

But politician for life--never. This dedicated he is simply not.

Anyone who knows Adelsohn well cannot criticize him for leaving the party-leadership post at this time. He has done his duty for 5 years, while establishing a family and finding other things in life to live for.

He has reason to be proud of the way he handled important confrontations with Olof Palme, an unprecedentedly experienced and difficult opponent.

He also added a human dimension to political life, which everybody in this special branch are not capable of doing.

As a result, he sometimes let slip a few more or less well-chosen words, the price he had to pay for his openness toward each and every one in practically every situation.

Adelsohn took last fall's election defeat very hard. Probably few of us can even imagine the painful situation he was in for weeks before and months after the election. Facing head winds of almost inexorable force, the person at the very top of the party pyramid felt both abandoned and alone.

The Conservative Party's defeat in the last election was essentially due to the shifts that are always taking place among nonsocialist voters and that all nonsocialist politicians must take into account. This does not prevent a party leader from experiencing the loss as a personal defeat, however.

This was, no doubt, the case with Ulf Adelsohn, and the election result undoubtedly hastened his departure.

Now, less than a year later, other winds are blowing among nonsocialist voters. Adelsohn is leaving after a SIFO poll now shows that the Conservative Party has broken its losing trend.

Adelsohn has done a good job and he has placed his stamp on Swedish politics, for which everybody involved in politics in this country owe him gratitude.

Continued Bohman's Moderate Course

Stockholm SVENSKA DAGBLADET in Swedish 5 Jun 86 p 2

[Editorial]

[Text] When Gosta Bohman was elected chairman of the Conservative Party in November 1970, the change in party leadership was an expression of political differences within the party, among other things. Gosta Bohman was thought to represent a dark-blue phalanx as opposed to Holberg's lighter blue.

In reality, the election of Bohman led to a liberalization of Conservative Party politics, but not a liberalization patterned after the sixties. The liberal orientation did not mean a move toward the political center, but a deliberate association with traditionally liberal ideas. The Conservative Party became a liberal Conservative Party with a sharp ideological profile.

The next change in party leadership, which took place in October 1981 when Ulf Adelsohn replaced Gosta Bohman, was marked by continuity to the same degree that the change in 1970 had been marked by divergence. Ulf Adelsohn was elected as the right person to continue Bohman's politics and to further actualize them. During Bohman's leadership, the Conservative Party adopted a new program of ideas, and Bohman used the platform given to him by the Minister of Economy and Budget to carry out his social analysis and his political message.

Under Ulf Adelsohn's leadership, the Conservative Party's program of ideas became a program of action, which in turn resulted in action across the entire political spectrum.

When Ulf Adelsohn now steps down as party leader, it becomes apparent that he did not consider himself as well suited for the opposition role as for the government position. This primarily testifies to Adelsohn's underestimation of what was accomplished during his 5 years of leadership. For the first time in many decades there is now a developed political alternative to Social Democratic politics. And to develop such an alternative, to prepare to take ontrol of the next government, is in reality a main function of the political opposition. The opposition does not only, or even primarily, object to the policies espoused by the government in power.

Besides, by virtue of his personality and his way of handling the party chairmanship, Adelsohn has broadened the Conservative Party leadership base, which is an invaluable future asset. This will not least be reflected in the current debate as to who shall succeed Adelsohn. Although one or several primary candidates will undoubtedly emerge relatively soon, it is quite clear that the Conservatives do not face the same dilemma as did the Center Party when Falldin stepped down or the Liberal Party prior to the fortunate election of Bengt Westerberg. There are a number of politicians per se who might conceivably become Conservative Party leaders.

Regardless of who is elected, it can already be said that this change in party leadership will also be marked by continuity. And, in a way, this was indeed inevitable because the development process under Bohman and Adelsohn has given the Conservative Party such a strong political base that its policies will remain unchanged. The Conservative Party is its political program today. In that respect, the party has distanced itself to the greatest extent possible from the loosely organized parliamentary Farmers' Party, a root element of the Conservative Party.

However, with the departure of Ulf Adelsohn, the image of the 1985 election result grows dimmer. And this is judged on the basis of the Conservatives' extremely strong position in the polls during the early stages of the election campaign.

But developing a political program and political opinion are long-term projects. Early in this century the Social Democrats learned that the breakthrough of their reform policies was preceded by many long years of disappointments.

It is, and has always been, wishful thinking that the practical results of the Conservative Party's political growth in the seventies and early eighties would manifest themselves already in the mid and late eighties.

Success requires understanding of the need to be foresighted, to plan long range and, therefore, understanding of the need to persevere. And a nonsocialist party also needs to understand that success never appears in the form of unique and isolated gains with respect to one's own party; success will always appear in part as influence on other nonsocialist parties' policies.

Part of the political legacy handed down from Gosta Bohman to Ulf Adelsohn, and which Adelsohn will now pass on, is simply the understanding that profile politics must always be practiced within the framework of cooperation, with the aim of forming a joint nonsocialist government. Included in this legacy must also be the understanding that every election cannot be successful with respect to one's own party.

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POLITICAL SWEDEN

POLL SHOWS CONTINUED GAINS FOR SDP, LOSSES FOR CONSERVATIVES

Workers Returning to SDP

Stockholm DAGENS NYHETER in Swedish 13 Jun 86 p 9

[Article by Dick Ljungberg]

[Text] Even according to the Central Bureau of Statistics' (SCB) May poll, things look good for the Social Democrats and bad for the Conservatives. The Center Party, which has influence today, seems to have stemmed its decline.

This poll was taken between 28 April and 21 May. The nuclear accident at Chernobyl was disclosed during the early part of this period, and the polling had already been completed when Ulf Adelsohn announced his departure.

Of the 10,000 persons interviewed by telephone, 10.1 percent chose not to participate.

These are the May polling figures with the 1985 election results in parentheses: the Center Party, excluding the Christian Democratic Party (KDS), 10.3 (10.1) percent; the Liberal Party 16.7 (14.2); the Conservative Party 18.8 (21.3); the Social Democratic Party 46.4 (44.7), and the Communist Left Party (VPK) 4.3 (5.3) percent.

Socialist Block Gaining

According to the SCB November poll (following the election), the socialist block was gaining, and it is now considerably ahead of the nonsocialist block: registering from 50.0 to 51.5 percent of the voter support, compared to the nonsocialists' 45.0 to 46.5 percent.

The Center Party (excluding KDS) at 10.3 percent shows a slight gain of no more than 1.1 percent compared to the November poll, but this gain is not statistically certain. The Center Party has lost approximately one half of a percentage point of its support to the Liberal Party since the election.

The Liberal Party has gained voter support of between 1.8 and 3.2 percent to 16.7 percent since the election, primarily due to a certain net flow from the Conservative and the Center parties. Compared to the November poll, however, the party has lost support of between 0.5 and 1.9 percent. The Liberal Party shows a net loss to the Social Democratic Party, the Center Party and the "Don't know" group, but continues to pick up Conservative Party support.

Conservative Party Losing

The Conservative Party has lost voter support compared to the election results and the November poll (1.9 to 3.2 percent and 1.0 to 2.3 percent respectively). Since the November poll, the Conservatives have lost voter support to the "Don't know" group, the Liberal and the Social Democratic parties (0.2 percent).

The Social Demorats have gained support of between 0.9 and 2.5 percent to 46.4 percent since the election, but between 2.0 and 3.6 percent since last November. Since the election , the net gains have come from the Conservative and the Communist Left parties and, compared to November, even from the Liberal Party.

The Communist Left-Party support of 4.3 percent represents a loss of 0.7 to 1.4 percent and, since last November, a loss of 0.5 to 1.1 percent. The net loss has been to the Social Democratic Party.

"Other parties," including KDS, register 3.5 percent of the voter support, a marked decline since the election.

With respect to age, the Center Party has lost support within two age groups, namely 18 to 24 and 30 to 34, but has gained support in the 55 to 59 group. The Liberal Party, however, has lost support in the latter group since November. The Conservatives have lost support while the Social Democrats have gained support in most of the age groups. Most of VPK's supporters are age 30-34, representing almost 10 percent of the party's support.

The Conservative Party has stemmed its decline among younger male voters, while the decline continues among older men and women. Older voters (over 35 years of age) normally constitute a relatively large share of the Social Democratic Party's support, but since last November the party has gained more support among the younger than the older voters.

The Social Democratic Party has definitely gained support among workers, while the Liberals and the Conservatives have lost worker support. The Conservative Party shows continued loss of support among government employees, while the Liberal Party has gained support among lower-rank government employees. The Conservatives have also lost support among small business owners, while the Social Democrats have made inroads among independent entrepreneurs. The government party has even gained support among students.

Paper Examines Poll Results

Stockholm DAGENS NYHETER in Swedish 13 Jun 86 p 2

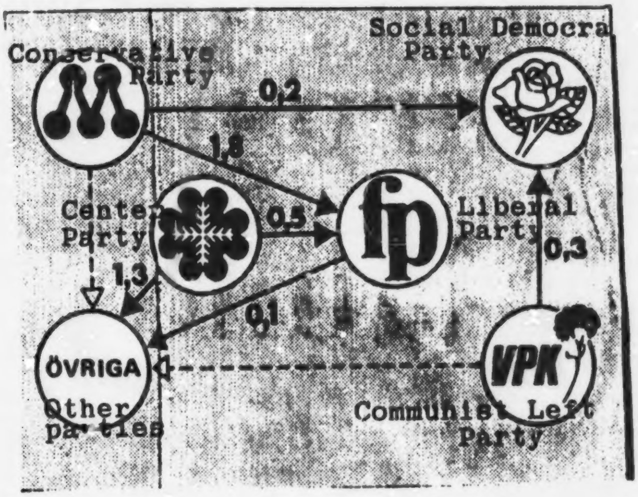
[Editorial]

[Text] Whereas the SCB November poll pointed to a balance between the political blocks, the same poll 6 months later shows a clear nonsocialist majority. This is hardly surprising but, different from other polling institutes, SCB with its broad selection of 9,000 interviewees registers more support for the Conservative Party than for the Liberal Party. However, it is not a matter of voters returning to the Conservative Party; on the contrary, there has been a flow of support from the Conservative Party to the Liberal Party for the last 6 months. The reason is rather that Liberal Party gains since the election have been overrated in other polls, at least according to SCB's computations. Both parties have lost some voter support since last November, primarily among voters who are no longer certain about their support and now answer "don't know." But the Liberal Party--and to some degree even the Conservative Party--has also lost support to the Social Democrats, presumably since Olof Palme was murdered. Even the Communist Left Party (VPK) has lost support to the Social Democrats. No so as far as the Center Party is concerned, however, whose position remains virtually unchanged since last November.

The Social Democrats' gain has been across a broad front. It is interesting that the Social Democrats' gain among small home owners equals a Conservative Party loss of support, and something similar seems to have happened among government employees. Not least in these categories did the Conservatives earlier claim to have picked up direct support from the Social Democratic Party; the flow now seems to be in the opposite direction.

Balance of power between the political blocks seems to have been restored since the last election. What may seem somewhat surprising is that the net flow of support among the nonsocialist parties has been relatively modest. The three parties' attention to their relative differences seems to be somewhat exaggerated, from the voters' point of view. In the last 6 months--or at least since Palme's death--the nonsocialist parties have not lost very much support to each other; instead, a growing number of former supporters have become undecided and some have switched their support to the Social Democratic Party.

As far as the opposition parties are concerned, their most important task seems to be to convince voters that they constitute a real and credible alternative. The Social Democrats rather than the Liberals, for example, must have reason to be satisfied with their political status.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ÖVRIGA
Other parties
VPK
Communist Left Party

This shows the statistically certain net flow of voter support between parties since the 1985 election until May of this year. The arrow indicates the certainty of the flow with respect to direction, but not magnitude. The Center Party's loss to "other parties" is essentially due to the fact that KDS is now part of this group.

8952
CSO: 3650/241

POLITICAL SWEDEN

POLL SHOWS CONTINUING SLIDE BY COMMUNISTS, LIBERALS

VPK Now Below Threshold

Stockholm DAGENS NYHETER in Swedish 22 Jun 86 p 8

[Article by Dick Ljungberg: "Failing Support for the Liberal Party"]

[Text] The Conservatives and the Center Party are gaining, while the Liberal Party is declining. That tendency is pronounced in the DAGENS NYHETER-Institute for Market Research [DN-IMU] poll of voter opinion in May. The Social Democrats remain at a high level.

The poll which includes 894 interviews during visits to homes was made during the period 12 May to 4 June. Consequently, it had been concluded when Ulf Adelsohn announced his resignation as Conservative leader this fall. All changes since the previous measurement in April fall within the margin of error.

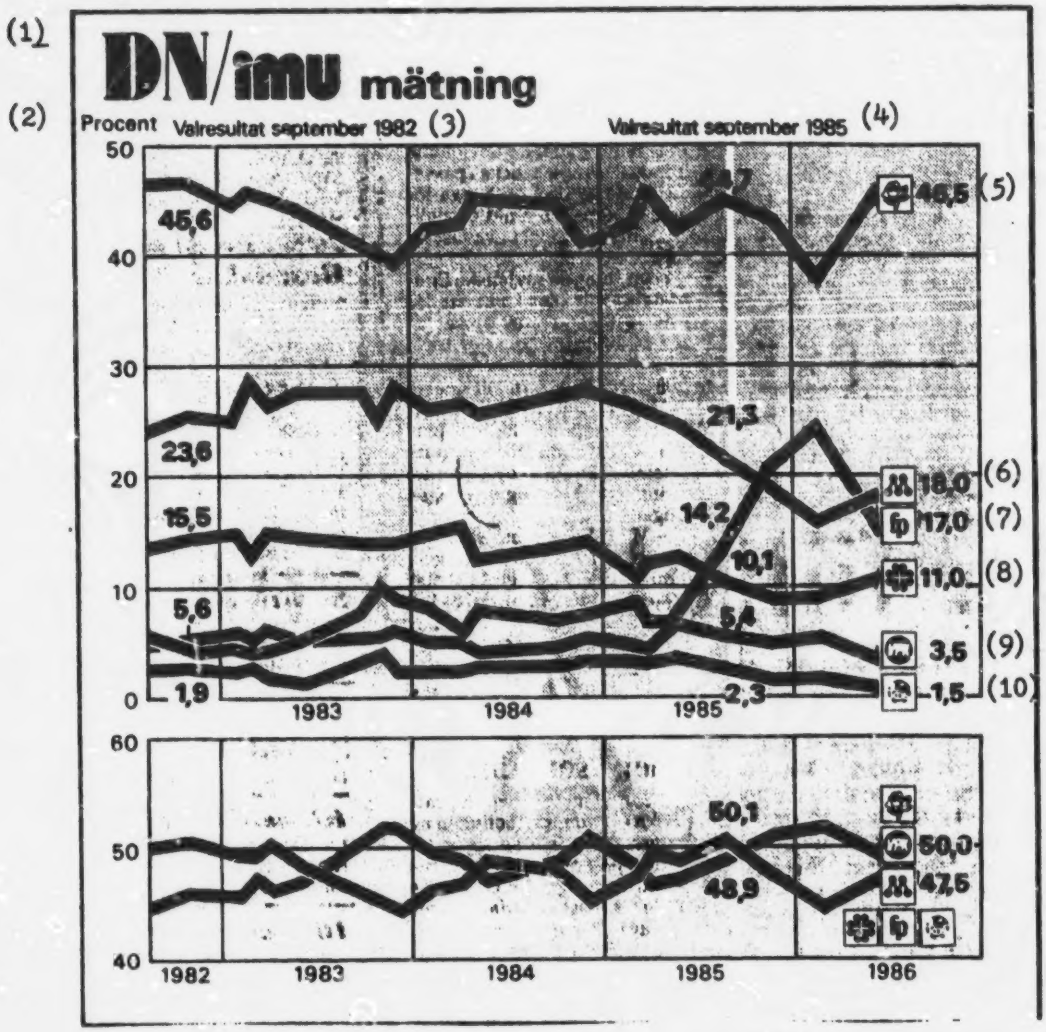
The result in May, with changes since April in parenthesis:

Social Democrats 46.5 (+ 0.5), Conservatives 18.0 (+0.5), Center Party 11.0 (+ 1.0), Liberal Party 17.0 (-2.0), Left Party-Communists [VPK] 3.5 (-0.5), Christian Democratic Union [KDS] 1.5 (+0.5) and the Environmental Party 2.5 (unchanged).

High Figure for Social Democrats

This means that the position in May between the blocs has not changed since April. The Social Democrats and the VPK together have 50.0 percent of the support, while the non-socialist parties including the KDS have 47.5 percent.

Hence, the Social Democrats remain at the high level reached in the first IMU poll after the assassination of Olof Palme. And a special poll carried out by IMU regarding confidence in the administration shows continued high figures: 77.3 percent of the voters have confidence in the Ingvar Carlsson administration, which is a few tenths below the April result (77.6 percent). The corresponding figure for January/February was 55.9 percent.



Key:
1. DN/IMU Poll
2. Percent
3. Sep 1982 election result
4. Sep 1985 election result
5. Social Democrats
6. Conservatives
7. Liberal Party
8. Center Party
9. VPK
10. KDS

Again the Largest

Among non-socialist voters, 59 percent have confidence in the government, as against 55 percent in April and 32 percent in January/February.

In the September 1985 election the Social Democrats received 44.7 percent of the votes.

The Liberal Party came on like a comet in the election, and in IMU polls since then it has been larger than the Conservatives. In February the gap was as wide as 24 percent for the Liberal Party as against 16.5 for the Conservatives. Order has now been restored since the election. The Conservatives are again the largest non-socialist party after cautious gains three polls in a row. This, while the Liberal Party has suffered more pronounced losses during the same period.

However, the Conservatives are still below their election result of 21.3 percent, while the Liberal Party is above its election result of 14.2 percent.

Recovery

The Center Party appears to have checked its fall and begun a recovery with three gains in succession. This might be good for party leader Karin Soder to use as support. In the election the Center Party and cooperating KDS together received 12.4 percent, and the two parties together remained at exactly that level in May as well.

The VPK, which was in a favorable position last winter with respect to the quarrel about distribution policy within Social Democracy, now suddenly falls below the 4-percent barrier in the Riksdag.

The May IMU poll indicates a certain stabilization in the electorate after the dramatic events this winter and spring of the assassination of Olof Palme and the nuclear accident at Chernobyl (the latter does not seem to have helped the environmental party, the Greens).

The IMU results also agree as far as the levels are concerned with the major voter poll for May published by the Central Statistical Bureau last week. In the latter the Social Democrats received 46.4 percent, the Conservatives 18.8, Center Party 10.3, Liberal Party 16.7 and the VPK 4.3 percent.

Return to Pre-Assassination Patterns

Stockholm DAGENS NYHETER in Swedish 22 Jun 86 p 8

[Commentary by Sven Svensson: "Sobering-up in the Electorate"]

[Text] The voter barometer for May indicates a sobering-up in the electorate after the shocking events of the last year, with the assassination of Olof Palme and the reactor catastrophe at Chernobyl at the top of the news index. The Conservatives appear to be stabilizing at about three percentage units below the election result, the Liberal Party at three above and the Center Party at approximately the election result. The true opinion of Ingvar

Carlsson after a successful initial period will not be measured until the fall.

For the non-socialist opposition the relationships of strength mean a return to the position before the 1976 historic change of government. The Liberal party and Center Party together gather nearly 30 percent of the electorate. The middle parties are therefore considerably stronger than the Conservatives.

At the same time the Conservatives and the Liberal Party are roughly comparable magnitudes of around 17-18 percent. Those must surely be regarded as rather normal figures for these two parties.

The likely stabilization of party support for the non-socialist parties represents balancing problems between the parties' own profiles and three-party cooperation with a view to a change of government in the 1988 parliamentary elections. Although each non-socialist party has its own characteristics, there is a limit to how far the individual party profile can be pursued without fanning doubts in its ability to govern.

The Conservatives had long had greater credibility than the other non-socialist parties as regards three-party cooperation. The desertion by the Conservatives from two non-socialist administrations and the failed campaign for a change of system in the most recent election constitutes a major depreciation of this general non-socialist confidence capital.

Since Ulf Adelsohn turned out not to be durable enough in the hour of need, the Conservative party leader election this fall will be of significance for the course of cooperation which the Conservatives want to follow.

The choice of new party leader will signal whether the Conservatives' desire to be the largest non-socialist party weighs more heavily than a change in government in the 1988 election. In the 1985 election the right-wing specter functioned as a Social Democratic life preserver.

"It is important to look further than your nose," said Ulf Adelsohn in his political testament in the eternal non-socialist cooperation serial.

It will become difficult for Ingegerd Troedsson or Carl Bildt or whoever shoulders Adelsohn's fallen cloak to ignore his words of wisdom.

In Uppsala the Center Party elected its new party leadership with a lot of hugging and loud fanfares of unity.

There is no doubt that Karin Soder is the best choice of party leader now that Thorbjorn Falldin has been kicked out under humiliating circumstances. The rallying around her is as complete as can be.

In other cases the proclamed unity appears more artificial. Deputy party leader Olof Johansson was not good enough to be party leader, as demonstrated by the intrigues of the Center Party election committee. He has now been restored to favor and is allowed to function under Karin Soder's protective wings.

The rallying around second vice chairman Karl-Erik Olsson is not wholehearted, at any rate. He was picked without a fight because the convention wanted to avoid quarreling. And the controversial chairman of the election committee, Inge Persson, was re-elected, to be sure, but he has been given 12 months notice. In the long run no party can be well served by an election committee, the chairman of which is not supported by complete confidence.

In the 1985 election the Center Party lost primarily because of a low profile on the government issue and a variety of factual issues. The obscurities remain even after the national meeting in Uppsala. Karin Soder says that she wants to act for the creation of a non-socialist government, but at the same time she wants to implement a so-called policy of results together with the Social Democrats. This balancing act will turn out to be difficult, if the policy of results is to be acquired at the cost of increased non-socialist division, as is the case with television advertising.

The cheering from Ingvar Carlsson, and in particular from the Social Democratic press, is likely to become a difficult problem for Karin Soder to overcome.

The popular comparison with Gunnar Hedlund's so-called policy of results will not hold up. Hedlund worked with the Social Democratic protective net of the bicameral Riksdag and the Swedish people did not at that time elect its government in one election.

The creation of the unicameral Riksdag has altered the political situation by jeopardizing the administration in every election. Even Gunnar Hedlund realized this. In the 1968 parliamentary election the decision to change to a single-chamber Riksdag was a fact. Hedlund then acted as a leading non-socialist opposition politician and declared himself ready to enter into a non-socialist administration together with the Conservatives. This attitude was later reinforced in the first election for the single-chamber Riksdag which was held in 1970 and when Social Democratic leader Olof Palme even promised that "the movement" would deal with Hedlund.

In decisive phases Gunnar Hedlund and Thorbjorn Falldin represented the largest non-socialist party in the Riksdag, and Karin Soder the smallest. Her balancing act will become considerably more difficult and delicate in the cooperation issue than that of her predecessors.

The Liberal figure of 24 percent in the February poll was a temporary freak without the slightest anchoring in a future election outcome. A stabilization around 17-18 percent must be perceived as an extraordinarily good result for Bengt Westerberg, who less than 1 year ago headed a party threatened by near extinction, and who in the cooperation issue can await new signals from the Center Party presidium and the future Conservative presidium.

Ingvar Carlsson has achieved very high voter figures but has recently been very quiet. Decisive for the high poll figures is the shock effect and fear triggered by the assassination of Olof Palme and the Chernobyl catastrophe, but also the economic optimism that prevails in Sweden.

Economically, everything has played into the hands of the Social Democratic government with lower interest rates, lower budget deficit and reduced inflation.

It is therefore not until this fall that Ingvar Carlsson's leadership qualities and the mobilization capability of Social Democracy will be tested in a more serious way. At that time the strike situation within the public sector will become clearer and the administration must then decide how heavily to tax the retired, what the size of the defense spending will be, etc.

And the wage earner funds hang like a sword of Damocles over Ingvar Carlsson's head.

Resistance to the wage earner funds is compact. New studies indicate that as many as one-fourth of the Socialist voters are still opposed to the wage earner funds.

The funds are therefore the greatest information failure of the Social Democrats ever, but the non-socialist parties have not managed to derive any party-political benefit from it. Social Democrats who are against the funds still vote Social Democratic.

Nevertheless, the wage earner funds still represent a latent loss hazard for the Social Democrats, in particular if the LO [Federation of Trade Unions] during its coming congress were to demand expansion of the fund in one or another form. In that case Ingvar Carlsson's balancing act in order to keep "the movement" together would be put to a decisive test.

Paper on Liberals' Losses

Stockholm DAGENS NYHETER in Swedish 22 Jun 86 p 2

[Editorial]

[Text] Confidence in the government is still great among the voters, and the Social Democrats remain at the high level of this spring in the IMU poll published by DAGENS NYHETER today. Up to now the government's handling of the nuclear power plant issue has not affected sympathies; this despite the fact that an opinion poll in VECKANS AFFARER shows that nearly half the Social Democratic voters want to dismantle nuclear power quickly in agreement with Alternative 3 from the popular referendum. On the socialist side, even the nuclear power-critical VPK has ended up below four percent for the first time in a long time.

From April to May no statistically certain changes took place, and the study was concluded the same day that Ulf Adelsohn announced his resignation. However, a comparison with the opinion level of last winter shows that the Liberal Party has lost a number of the supporters who poured in after the election, and that the Conservatives and the Center Party have gradually recovered. Primarily mobile urban voters seem to have abandoned the Liberal Party, which is still a few percent above its election result, however.

From the competition between the non-socialist parties follows that no trees have been permitted to grow to the sky. A leveling-off in size between the three parties could provide less tension and increased opportunities to form a joint government alternative. But for the Liberal Party the loss of supporters also reflects the difficulties of finding a natural opposition role after the assassination of Olof Palme and the nuclear accident at Chernobyl.

Once more has been demonstrated how dependent the party is on Bengt Westerberg--and on his correct evaluation of the political situation. By starting a debate about the "commando state" too soon after Palme's death and by avoiding to take a sufficiently clear position on Swedish nuclear power after Chernobyl, the Liberal Party during the spring got out of sync with public opinion and had to devote considerable effort toward explanations. The readiness to deal with unexpected situations has not been sufficient, partly due to the fact that the Liberal leadership still lacks any real breadth. Westerberg who pulls a heavy load has not so far--despite repeated attempts--gotten a grip on his principal opponent, Ingvar Carlsson.

It is necessary for the Liberal Party after the summer recess to try to recapture the loss of momentum. Bengt Westerberg's announced invitation to Karin Soder and Ulf Adelsohn's successor to discussions could be a step toward more collected opposition politics, which gives the Liberal leader the opportunity of dealing with Ingvar Carlsson with more power. Nevertheless, it is most essential that the party make itself heard with more voices and that there will thus be room for more opinions in the debate. Westerberg cannot alone win yet another election for the Liberal Party.

11949
CSO: 3650/254

POLITICAL TURKEY

APPEAL FOR LIFTING BAN ON POLITICIANS

Istanbul HURRIYET in Turkish 1 May 86 p 3

[Text] The SDPP [Social Democratic Populist Party] has come out in favor of lifting provisional article 4 of the constitution which places a 5-10-year political ban on former political party administrators. SDPP Leader Aydin Guven Gurkan gave instructions to his group leaders to have SDPP deputies add their signatures to the proposal for a constitutional amendment drawn up by Abdullah Nejat Resuloglu, the Ankara deputy suspended for 1 year from ANAP [Motherland Party].

Resuloglu's constitutional amendment proposal was signed earlier by 12 SDPP deputies, 4 Democratic Left Party deputies, 2 from the Nationalist Democracy Party, 2 independents and 2 from ANAP. If the remaining 84 SDPP deputies sign the petition, it will have a total of 94 [as published: 96] signatures. The constitution requires that a petition for constitutional amendment have 133 signatures for presentation to the speaker of the Turkish Grand National Assembly.

At the meeting held the first of the week with his group deputy chairmen, SDPP General Chairman Aydin Guven Gurkan said, "It is necessary to sign as a party to have the undemocratic restrictions lifted," and asked that his national deputies sign as a group rather than individually. SDPP Deputy Group Chairman Seyfi Oktay said, "All national deputies will sign Resuloglu's proposal on instructions of our general chairman. However, we may make certain corrections and revisions in the rationale."

SDPP leader Gurkan had earlier opposed signing of the amendment proposal by SDPP deputies and asked for party administration approval of this procedure. He told a HURRIYET correspondent, "I wanted all of my colleagues to sign the proposal."

Provisional Article 4 of Constitution

1) From political parties abolished by Law No 2533, 16 October 1981:

Of the political parties which were the party in power and the major opposition party on 11 September 1980 and those in connection with which public suit has been brought against either the party corporate body or its central administrators or any one of its members of Parliament for any crime committed against the character of the state as set forth in Book 2, Section 1 of the Turkish Penal Code:

a) [Persons holding the position] on 1 January 1980 and thereafter [of] general chairmen, general secretaries, their assistants and members of the central administrative boards or similar organs, for a period of 10 years commencing from the date on which the Constitution is accepted by popular vote, may not establish political parties, may not be members of political parties established in the future as provided by the Constitution and may not run or be nominated as independents by these parties in local elections or in general and interim elections for national deputy. They may not establish ties in any form with political parties and may not accept any duty, even honorary, from political parties.

b) National deputies and senators who were members of the Turkish Grand National Assembly on 1 January 1980, for a period of 5 years commencing from the date of acceptance of the Constitution by popular vote, may not establish political parties, and may not accept duties on the central administrative boards or similar organs of political parties established in the future.

2) Anyone who on 1 January 1980 was a quota senator or member of the Republican Senate or an independent member of the Turkish Grand National Assembly who has had public suit brought against him for any one of the crimes against the character of the state set forth in Book 2, Section 1 of the Turkish Penal Code or has joined one of the political parties described in paragraph 1 shall be subject to the provisions of paragraph 1(b).

8349
CSO: 3554/64

BRIEFS

TRNC MILITARY EXERCISE PROTESTED--With the "blessing" of the UN peacekeeping force which, sources say, did not inform the government, Turkish forces in the occupied territories carried out a big military exercise code-named "OUFOUK" ("Horizons"). The government, which had not made any announcement about this exercise for 3 days, stated yesterday through its spokesman--in response to reporters' questions--that it made a strong protest to the UN about the new Turkish provocations. The spokesman emphasized that the exercise is a new Turkish provocation aimed at irritating and coercing the Greek Cypriot side. He added that land, sea and air forces took part in the exercise. Although the government mentioned the exercise only yesterday, G. Kharalambopoulos, Greece's minister of national defense, had made a statement about "OUFOUK" last Tuesday. At the same time, according to the Athenian press, the National Guard had been put in a state of readiness. The Athenian newspapers wrote that more than 12,000 men took part in the exercise, which included armor, artillery and helicopters. The helicopters "charged out of camouflaged secret heliports." [Text] [Nicosia TA NEA in Greek 7 Jun 86 p 1] 12570/8918

CSO: 3521/174

SDP PAPER, 'MONITOR' COLUMNIST ON SECURITY POLICY DEBATE

Paper Opposes Election Over Defense

Copenhagen AKTUELT in Danish 18 Jun 86 p 10

[Editorial: "Defense and Election"]

[Text] "There will be an election if this fall the Socialist People's Party [SF] and the Left-Socialist Party [VS] succeed in enticing the Social Democratic Party [SDP] into a resolution which leads to Denmark renouncing the reinforcement agreements with our NATO allies," said Foreign Minister Uffe Ellemann-Jensen.

There could be an election for numerous reasons. Mainly the only area which cannot be imagined as the cause for an election is defense. But the government has almost reached a state of hysteria because the SDP is working on a resolution about a members' debate on a new defense agreement based on the existing defense compromises.

So far it is just a rough draft. It has had a first debate, which can be characterized as comments. A members' debate will surely come. There is no question of an SDP break with its defense partners, but there is talk of adjustment in many different things. For example the Falklands War has taught us how little frigates costing billions are worth in modern warfare. Besides it is a basic SDP view that the defense should not be offensive, but defensive. And it is still a crystal-clear understanding that "SDP sees no alternative to membership in the Atlantic Pact and its military organization NATO," as it says in the resolution: "The total resources of NATO are to be utilized as efficiently as possible, utilizing appropriate specialization and other measures." It says further that it is imperative that our national independence and individual human freedoms be protected, "which is fulfilled through our membership in NATO."

Let there now be an SDP members' debate--or an overall debate--about defense, defense compromises, reinforcement agreements, the character of the defense, etc. and let there be political discussions about a new defense compromise, before there is a threat of something so demented as a defense election.

Security Policy Dilemma Feared

Copenhagen BERLINGSKE TIDENDE in Danish 23 Jun 86 p 10

[Commentary by 'Monitor': "Security Policy Dilemma"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] If there should be a decisive choice between the United States and West Europe, we in Denmark are not well prepared. We lack both a factual debate on the problems and sufficient internal unity to make a well-considered decision. We must hope it never comes to that.

Recently there has been a lack of unity between the United States and West Europe in a number of areas. These include the action against Libya, consideration of production of chemical weapons, the threat to abandon SALT II and negotiations on European security. It is not just a matter of actual disagreement on several concrete points, but also about a new tone in the Atlantic cooperation. Both sides have become more impatient and less diplomatic toward each other.

The Reagan administration's new self-confidence and belief in its own potential, and its rejection of the 1970's policy of detente, the result of which was a strengthened Soviet Union, has brought about less sympathy for the Europeans' viewpoints. Even though the new line is emphasized by individual personalities, and even though there is certain opposition in the United States against moving so strongly forward, public opinion polls and press debates indicate a more basic swing in Reagan's direction.

In West Europe there has been criticism of the United States, both officially and in the public debate. But with the growing distance between European and American attitudes, a certain nervousness has spread through European government circles, and this has caused consideration of how Atlantic cooperation will go in the future.

Why have these problems arisen, how serious are they, and what do they mean for Denmark?

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First it must be emphasized that disagreement within NATO is far from being a new phenomenon. Even though it was the Europeans who, after World War II, invited the Americans to remain in Europe through fear of a possible Russian attack, there have been numerous examples of friction, first between the major European powers and the United States, and in the 1970's often from a European bloc formed for EC cooperation. These have involved concrete national interests, questions of prestige and who is to take responsibility for unpleasant decisions. They have also involved the overall strategy toward the Soviet Union.

Here the Europeans, as the most vulnerable, have been the most concerned, but interestingly enough they have been concerned regardless of what course the Americans have followed. An American arms buildup and confrontation with the

Russians has caused fear of tension and conflict. And American disarmament and detente policies have caused the Europeans to fear that their protection is being impaired and their protective power is being negotiated away over their heads. According to American opinion it is very difficult to make the Europeans happy, so why try.?

These problems have not grown less because of the new generation of politicians and officials who want to cooperate. But more important than that is the increased public interest in foreign policy making it more difficult to solve problems in peace and quiet.

Public interest in foreign policy is an old story in the United States, where it long ago led to politics and ideology in foreign policy questions. Europeans have often criticized American foreign policy for going to extremes and lacking flexibility, just because it put such great weight on public opinion and propaganda. Now the European foreign ministers have the same problems to fight against. And the foreign policy observers, who previously praised the Europeans for their cool attitudes toward foreign policy and looked down their noses at the American amateurs and their populist style, are now inclined to take American security policy arguments more seriously than the arguments that European politicians come forth with.

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Since the end of the 1940's the Atlantic cooperation has rested on very solid security policy interests, but it was largely sold to the people as the morally based unity of democratic countries. Therefore broad groups have become accustomed to the idea that there is no conflict between protecting interests and moral policy. It was thought that West Europe had attained the best of all worlds where there would be no sacrifice of free trade or free speech as the price of security. There were no unpleasant choices.

But when increasing dissatisfaction arises with the apparently immoral policies of the United States, and when the superpowers are placed in the same unattractive category it becomes still more difficult to discriminate, because there is now little understanding of the seriousness of the Russian threat, despite the significant Russian arms buildup and their policy of hostility toward their neighbors.

The dependent position of the Europeans is emphasized every time they disagree with the United States. Cool analysts may very well say that we must realize that Americans will do whatever suits them, but there are large parts of European opinion which are not prepared for this. It is difficult to sell pragmatism.

This has created a dilemma for West European politicians, and their reaction has wobbled between two viewpoints. One--which is most strongly represented by the English conservative government--maintains that the Europeans must extend themselves, also with symbolic gestures, to retain close cooperation with the United States. That viewpoint has also gained understanding in France, West Germany and Italy in the 1980's. The other viewpoint maintains that Europeans must continue increasing their distance from the United States and put pressure on the American government--at the same time seeking cooperation with the internal American opposition. That is a viewpoint held especially by the Social Democratic Parties of Northern Europe--with significant backing from public opinion.

This does not bode well for the future, because with this division of viewpoints the present Atlantic conflicts are minimal. With other governments in England and Germany and some of the smaller allies one must expect much more violent collisions with the United States, and perhaps a development which in the longer term could lead to a breakdown of the alliance, despite the continued common security policy interests.

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What does this mean now for Denmark? According to several observers we are now in an especially difficult situation. On the one hand the Nordic countries are changing from being an area of low tension to being increasingly drawn into the big security picture. It is not the result of our own policies, but of developments in weapon technology and the extensive arms buildup which the Russians have staged on our Nordic boundaries. And that causes greater dependence and protection and weapons from the United States.

On the other hand there is a strong tendency for large groups of people to go for a nonprovocative play-dead policy which will bring about reduced possibilities for American help and fear. They are betting that the Russian buildup will not disturb the Nordic countries if we ourselves reduce our military capacity.

NATO membership is almost certainly still very popular, but polls indicate that the policies of NATO countries and especially the United States no longer are. Sooner or later it will be difficult to combine these two positions, not only for nationwide opinion but also for the Social Democrats, who have tried to stay in front of the changing attitudes.

This skepticism toward the United States has only partly led to increased effectiveness of European cooperation. For a number of years SDP and even SF were positive toward the EC, but that has been in the negative sense, as it was seen as a way to manifest a combined European criticism of the United States. On the other hand, proposals which could give the EC a more active security policy character and thereby greater independence from the United States were invariably rejected by the Social Democrats.

Thus it has become difficult for Danish Social Democrats to point to security policy solutions which are both factually strong and politically feasible in the light of the policies of other NATO countries. To get out of this dilemma the Social Democrats have temporarily put their trust in what can be called "the opposition parties' internationale." Cooperation with such parties about an alternative course can perhaps erect barriers to a weak government's negotiating possibilities, but it will not advance a positive line, and it will not necessarily hold when and if the opposition parties come to power. Uncertainty will thus be greater.

The nonsocialist parties in Denmark are also in a dilemma. They are now getting used to the unpleasant situation whereby the government must conduct a foreign policy which is partly marked by the NATO skepticism of the Social Democrats. But if the split between West Europe and the United States becomes deeper, they will confront the still greater problem of whether to gamble on Atlantic or European security policy cooperation. It is a difficult foreign policy choice, but it creates internal problems also, because the pro-NATO opinion will divide itself into two equally large groups and thereby will lose its strength, while neutralism gains as a simple and clear alternative.

Denmark's possibilities for influencing relations between the United States and West Europe are naturally very limited. One can hardly say that we have done much to build bridges. On the contrary, we have tried to increase the distance by being among the most skeptical and foot-dragging Europeans. Neither have we done anything to invest in a European solution to our security problems. On the contrary, we have showed so little interest and have such a shady reputation that it is perhaps doubtful if we would be invited to participate if a European alternative should arise.

If a decisive choice between the United States and West Europe comes, we in Denmark will be poorly prepared. We lack both a factual debate about the problems and sufficient internal unity to make a well-considered decision. We must hope that it does not come to that.

9287
CSO: 3613/161

MINISTER: THULE BASE AREA EXPECTED TO BE HALVED

Copenhagen BERLINGSKE TIDENDE in Danish 15 Jun 86 p 8

[Article by RB: "Diminishing of Thule Base Area by One Half Expected To Be Approved"]

[Text] Minister of Greenland Affairs Tom Hoyem (Center Democrat) expects that the plans to shrink the area of Thule Base from from 1400 square kilometers to 600 square kilometers will be approved "very soon."

The plans were worked out by the Ministry of Greenland Affairs and government authorities on the base working together, and were agreed to by American authorities.

This was included in Tom Hoyem's report on the nine-point program which the minister presented in September last year for the purpose of improving relations between the local population and Thule Base.

At the same time the program is a kind of compensation to the local population which was not compensated for the 26 fishermen's families which were moved about 100 kilometers to the north to make room for establishment of the base. The demand for compensation was rejected by the government.

Tom Hoyem's report also states that there are now two Greenlanders employed on the base--one pipefitter and one electrician. Employment of local manpower is another of the nine points.

Friday the minister dedicated a guesthouse with space for 14 transit passengers on the base, and on 1 July a bilingual associate was added to the administration. That was also promised in the program.

The program will also give permission for limited fox hunting on the base, the base store will expand its stock of local handicraft items, negotiations have begun for expanded tourism, Peter Freuchen's house is being moved to Qaanaaq (Thule) and arranged as a museum with the assistance of the ministry, and during the period 1986-89 it is planned to build 46 dwellings in the municipality, according to Tom Hoyem's report.
9287
CSO:3613/161

MILITARY FINLAND

FOURTH MISSILE PATROL BOAT CHRISTENED 'KOTKA'

Helsinki HELSINGIN SANOMAT in Finnish 17 Jun 86 p 7

[Article: "Newest Missile Patrol Boat Christened Kotka"]

[Text] The navy received its fourth Helsinki-class missile patrol boat on Monday. The vessel was named Kotka.

Built in Wartsila's Helsinki shipyard, the missile patrol boat is the last unit in a series of four ships whose prototype was completed in Helsinki in 1981. Last year the navy accepted the serially manufactured vessels Turku and Oulu.

The ships are docked at the Turku naval station for the time being.

Helsinki, Turku, Oulu, and Kotka are the vessels' sponsor cities.

Kotka is about 45 meters long and 9 meters wide. Its speed is over 30 knots.

Kotka is designed to function in combat and on patrol assignments on the high seas.

It is equipped with one general cannon, two antiaircraft guns, an electronic battle-guidance system, and eight sea-target missiles.

The crew consists of about 20 permanent men and 10 conscripts.

The missile patrol boat was christened by Mrs Annikki Hiltunen. It was relinquished by Wartsila shipyard director Martin Saarikangas and accepted by naval commander Rear Admiral Juha Tikka.

General Jaakko Valtanen was also present on the occasion.

12327
CSO: 3617/130

MILITARY FRANCE

ADVANTAGES, DRAWBACKS OF NUCLEAR SUBMARINE REVIEWED

Paris LE MONDE in French 14 Jun 86 p 24

[Article by Jacques Isnard; first paragraph is LE MONDE introduction]

[Excerpts] For the first time in the history of our submarine forces, here is a submarine that can travel faster submerged than the surface vessel it is chasing. It is an attacker that charges at the enemy alone or in a pack.

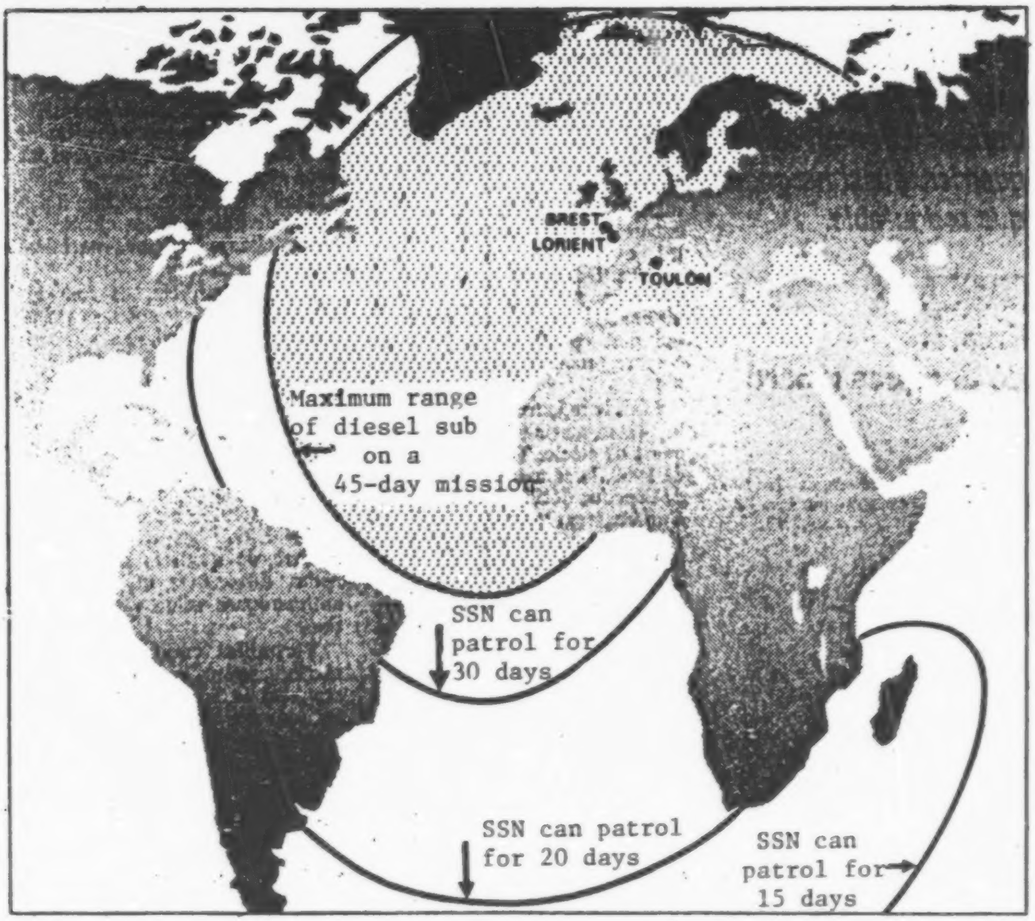
Among themselves, they call it "the animal," as though it were a household pet to which one had become attached.

The "animal" in question is the "Saphir," the second nuclear-powered attack submarine (SSN) to enter service with the French Navy. Like its elder brother the "Rubis," which has been cruising the oceans for almost 3.5 years, the "Saphir" has Toulon as its home port: since July 1984, it has been part of the panoply available to Admiral Cagliardi, the government's commander in chief of Mediterranean operations--a panoply that he calls his "toolbox" to illustrate the fact that it consists of numerous multi-purpose implements.

On board the "Saphir," there is nothing comparable to a diesel-electric submarine. The SSN does not have the same stifling, noisy, and monotonous closed-in atmosphere. No more "hot beds"--those bunks that had to be shared. There is almost as much fresh water as one could want, and the washing and toilet facilities are comfortable. There is a baker and even a pastry cook, along with cold storage rooms and enough packaged food to enable the submarine to remain submerged for 60 days at a stretch.

Unlike nuclear-powered ballistic missile submarines [SSBN's] of the "Redoutable" type, which move with the majestic slowness of a pachyderm, the SSN is a hunter. Traveling at 25 knots submerged and at 15 knots on the surface (the equivalents respectively of 47 and 28 kilometers per hour), the SSN moves through the water like a fish at a secure depth of 300 meters. For the first time in the history of the submarine forces, here is a submarine that can travel faster submerged than the surface vessel it is chasing. Also for the first time, it is, moreover, an autonomous submarine that does not need to surface at regular intervals to take a big gulp of fresh air and regain its strength at the risk of betraying its presence.

Operating Range and Capability


BREST
LORIENT
TOULON
Maximum range of diesel sub on a 45-day mission
SSN can patrol for 30 days
SSN can patrol for 20 days
SSN can patrol for 15 days

"This is not the drifting mine of yesteryear," says Captain Foillard, who commands the submarine squadron in the Mediterranean and who knows what he is talking about, since he was the first commander of the first SSN, the "Rubis," and was in charge of its final adjustments. "It's an attacker. It's a hunting dog that does not lie in wait, as diesel submarines used to do, but charges the enemy alone or in a pack. This was very obvious off the Falkland Islands in 1982, when the British submarine 'Conqueror,' following orders, sank the Argentine cruiser 'Belgrano' and thus cleared the ocean completely of a hostile naval presence."

With its SM-39 antiship missiles, its antisubmarine torpedoes, and its very low frequency listening sonars enabling it to hear a vessel within a radius of about 100 kilometers, the SSN is a fierce and hardy dog.

Captain Lagane says: "It was pictured at first as the attacker par excellence of anything moving on the surface of the water. But as time passed, and especially as a result of our own experience, it was also found to be the main threat to SSBN's and other SSN's around the world." One would think that the French submarine men had to learn everything on their own, without being able to use the know-how already acquired by the Americans, and that they were surprised--agreeably, from their point of view--by the performance or quality achieved in their new SSN's.

From Cape Horn to Madagascar

The SSN is a pawn that wanders over the world's chessboard in complete freedom--something never seen before, according to submariners so unaccustomed to such mobility in its diesel-powered predecessors. They recall last year's odyssey by the "Rubis," which disappeared off Toulon one day and, after remaining submerged for a month, surfaced off Noumea. That gift of ubiquity permits every kind of bold behavior--every kind of political "gesticulation," which is the word sailors like to use when referring to those naval "displays of strength" that are intended to make an impression in times of crisis.

The submarine is thought to be here, but it is already there. It is thought to be there, but it is still here--circling in the water as it waits for the prey it is following or tailing closely or before which it is capering before dealing the final blow. Just one example: with its endurance of 60 days, the "Saphir" can patrol from Cape Horn to Madagascar for about 20 days, going there and returning at a speed of about 15 knots.

With their eyes riveted on consoles or the ship's instruments in an operations center as clean as a hospital, crewmembers are alert for the slightest sound. The "musicians" wearing headsets have learned to recognize danger by sound even before the frequency analyzers confirm their interpretation of the sounds picked up. The ocean is not the world of silence it is so smugly said to be. Quite the contrary. The SSN is blind but not deaf, and very often it hears an approaching threat before being itself detected.

But despite its good points, the "Saphir," like its twin brothers, is not yet an instrument that responds instantly and with complete discretion to the high command's wishes. Although not mute, it has no gift for speech. It lacks the ability to converse uninterruptedly with its "principals." To do that, it would have to have the gadgets available on American SSN's--the onboard equipment that serves to relay satellite transmissions and provides permanent space communications between the submarine and its headquarters on land. Thanks to that space network, the commander of an SSN never loses contact with his government, which thereby keeps a tight rein on him, as occurred with the "Conqueror," which was literally kept in check in the Falklands by the British prime minister in London, who was using U.S. satellites leased for the occasion. France will have to arm itself with patience until it reaches that point--in 6 or 7 years perhaps, when the French Syracuse-2 system will go into operation at a cost of 8 billion francs.

Mediterranean "Club"

The French Navy is envied by its European allies on the Mediterranean and taken seriously by the Americans, whose formidable 6th Fleet is deployed in this part of the world. If we are to believe Adm Gagliardi, maritime prefect of Toulon and Mediterranean commander in chief, our Navy owes that state of grace to its double decision to deploy its aircraft carriers and its SSN's in the Mediterranean Basin.

He explains: "That brought France immediately into the very exclusive club of countries whose navies are capable of deploying real aircraft carriers with steam catapults as well as nuclear-powered attack submarines which, unlike their diesel-powered ancestors, are not simply mechanical mice used as targets in the training of surface navies. And that very exclusive club currently includes only two powers: the United States and France."

The implication is that neither Great Britain nor the Soviet Union belongs to that club because neither one has real aircraft carriers but only platforms or cruisers with flight decks capable of accepting helicopters or VTOL aircraft.

Adm Gagliardi knows the Mediterranean like the back of his hand, since he has been crisscrossing it for 40 years. He says: "For thousands of years, something has always been happening there every moment--it's just like the Galeries Lafayette Department Store. There is barbed wire in Europe (an allusion to the fact that nuclear deterrence has frozen positions in Europe by discouraging any hint of aggression on either side of the Elbe River), but there is none in the Mediterranean, where East and West and North and South are interwoven in the danger of economic, military, religious, demographic, or other confrontations, like so many casus belli."

A trade route, a stake in the game of influence, and a site for maneuvers--the Mediterranean is all those things at the same time. It is a place where navies challenge each other and where, sometimes, cannon roar. Adm Gagliardi noted: "At the time of the latest confrontation between the United States and Libya, U.S. vessels in the Mediterranean totaled as much as 700,000 tons, with the 6th Fleet acting as the spearhead around its three aircraft carriers."

That is more or less twice the total tonnage of the French Navy and five times that of the French fleet in the Mediterranean.

To prevent the situation from degenerating into paroxysms of uncontrollable violence and keep tension below a certain level, Adm Gagliardi describes himself as a "patcher-upper who smooths over crises." Using a "toolbox" made up of all his warships and permitting him to see trouble coming, he would give the president of the republic and the government additional time in which to consider the situation: time in which to evaluate the threat, size up the crisis, and, if necessary, begin hostilities if it is unable to prevent them or limit them to simple saber rattling. He also says: "To carry out that task, the tool in question, of which I am the guardian and which has cost the taxpayers a great deal, must be kept in good shape--as sharp as possible."

From that standpoint, and along with the aircraft carrier, of course, the SSN is one of the most suitable tools for the purpose. Fast and discreet, it is omnipresent, with one foot in the sea and the other in the ocean. One day the SSN is working with the "gondoliers," as the crews in the Mediterranean Fleet are nicknamed, and the next day, that same SSN will be with the "wolves," which is the nickname given to the crews in the Atlantic Fleet.

The only catch is that the day will come when those gymnastics by the SSN will be impossible despite all efforts and when the general staff will have to play it tight in order to hold the line.

From that point of view, the coming months are going to be extremely difficult. The first SSN in the series--the "Rubis"--is scheduled for refitting in the near future, and for the next 15 months, the second in the series--the "Saphir"--will be the only French SSN in service pending the arrival of the third (the "Casabianca"), which is currently undergoing trials. So it will be the only pawn for use in two possible theaters of operations. The duration of patrols can be increased, and more can be demanded of the two crews--the "red" and the "blue," which take turns manning each submarine for 250 days at sea per year in order to get maximum use out of it--but the time will come when management acrobatics will have done all it can. "That will be the limit," say all the sailors, who are hoping for a total of no fewer than seven or eight SSN's so as to be able to line up three in a squadron's operational cycle while the others are down for overhaul or refitting.

11798
CSO: 3519/211

PICCIONI SAYS NAVAL AVIATION ALMOST CERTAIN

Rome IL MESSAGGERO in Italian 11 Jun 86 p 18

[Text] Parliament will vote shortly on the government's bill providing for the establishment of Naval Aviation, and there are well-founded hopes that its decision will be favorable. Admiral Giasone Piccione said as much yesterday at ceremonies at Lanta delle Rovere naval barracks to mark the anniversary of the Navy's sinking the Austrian battleship Santo Stefano 66 years ago at Premudad, thanks to Luigi Rizzo's torpedo-boats ("mas").

After placing a wreath of laurel at the grave of the unknown soldier, the Chief of the General Staff presided over the austere military rites. He then read aloud some congratulatory messages from the President (Frigate Cdr Grancesco Cossia), and from Defense Minister Giovanni Spadolini. Turning to address the ranks of petty officers and seamen, he cited the Navy's onerous and delicate Navy mission of recent months in defense of the nation's southern front, going on to express his pleasure at the now imminent entry into fleet of what he called the most beautiful and prestigious unit in the entire fleet: its future flagship, the aircraft-carrying cruiser Giuseppe Garibaldi.

This year's celebration of the 10 June commemoration is certainly a most memorable one, for the reasons Adm Piccioni cited. For the first time since the end of the last world war, during the Libyan crisis, the ships of our fleet sailed in full battle array, their crews' fingers on the trigger, to maintain security on the sea and to defend Italian territory. And the Navy was ready and able to perform its mission, despite the limited means at its disposal.

That well-founded hope of being allowed very soon to bring aboard the Garibaldi's generous deck the longed-for short vertical takeoff and landing (V/STOL) aircraft would realize a dream our Navy men have cherished ever since 1923, when the Balbo Act abolished Naval Aviation after the Air Force was constituted and vested with sole control over "anything that flies and has stars on it."

6182
CSO: 3528/171

DEFENSE MINISTRY PLANS ANTIAIRCRAFT MISSILES PURCHASE

Madrid CAMBIO 16 in Spanish 16 Jun 86 p 63

[Text] NATO has been putting pressure on Spain to improve its antiaircraft defenses. The government has already invested over 50 billion pesetas, and it is going to provide soldiers with portable missiles.

In 2 years a Spanish soldier, crouched on the ground, will be able to shoot down by himself a military enemy aircraft approaching at an altitude under 3,000 meters.

This will become possible with the defense ministry's purchase of 500 portable missiles weighing barely 30 kilos each, which can be operated by one or two soldiers. These missiles will be distributed throughout the Mediterranean Coast area, Andalusia, and the Canaries, zones which military strategists consider the most vulnerable to an enemy attack.

With the purchase of these portable missiles and with the contracts that have already been signed for the purchase of low-altitude Roland antiaircraft missiles mounted on combat tanks and the Aspide strategic point defense missiles, the Spanish government believes that within 3 years Spain will have an adequate defense system capable of repulsing an enemy attack coming in at a low altitude.

Right now Spain has the worst antiaircraft defense system in NATO. Its defenses are so bad that the allies have put pressure on Spain's government to invest in this field in order to effectively strengthen the southern flank of the Alliance.

The recent threats by Libya's Col Mu'ammar al-Qadhdhafi to attack Spanish targets, following the U.S. bombing of Tripoli and Benghazi, reminded a number of armed forces strategists that the weakest point in our defense system is our antiaircraft defenses, the only flank through which Libyan aviation could try to attack Spain.

Nonetheless, this will not be remedied for 2 more years. By 1988 the government should have received all the Roland and Aspide missiles it has ordered--in all, about 1,000 units, costing approximately 50 billion pesetas.

Also by that year, through commitments the socialist government obtained from the manufacturers of these missiles, Spain plans to be able to manufacture its own missile systems.

"Now," said a high-level defense official, "we are in last place in Europe in antiaircraft defense and in terms of our capability for producing missiles, but in a few years we will be on the same level with Germany, Great Britain, and France."

At the present time the ministry of defense is evaluating four models of portable missiles; only one of them will be selected for use by Spain's armed forces. These missiles, whose purchase program amounts to 10 billion pesetas, are: the Javelin, the Mistral, the RBS-70, and the Stinger.

The Javelin is manufactured by the British firm, Short Brothers. It is only 1.4 meters long. It is a supersonic missile with a range of about 4 kilometers. The missile weighs 14 kilos; when it is fired, a tripod weighing about 16 kilos msut be used.

The Mistral portable missile is made by the French firm, Matra. Matra had an exhibit on the potential of this weapon system at the aerospace fair held 2 months ago in Gerona, Spain; Cosmos-86.

It reaches high speeds, 2.6 times the speed of sound. One of its principal assets is that it can be reloaded in 30 seconds.

The RBS-70 missile is of Swedish manufacture, made by Bosford. It has a laser guidance system which makes it highly operational in poor weather conditions.

The last of this group of four possible missiles, the Stinger, is made in the United States. It has a complex and highly effective friend-or-foe identification system. It can be piggybacked on the launcher Spain purchased for its Roland missiles.

The use of portable missiles is considered basic for any army trying to cover effectively the full range of antiaircraft defenses. This type of missile is used to fill in gaps which, because of natural terrain features, are left uncovered by other types of defense systems.

At present, Spain has only Hawk and Nike missiles for antiaircraft defenses against planes flying at over 5,000 meters (medium and high altitudes). These missiles are now quite obsolete and inefficient. For that reason, the purchase of the Roland and Aspide portable missiles was considered essential to counter a low-level air attack.

The defense ministry is also evaluating the Exocet, used in the Falklands; the Penguin missile, which is used against ships; and the antitank missiles, Hot and Tow. It will take part in the manufacture of the European third-generation antitank missile, Trigat. Spain is now entering the missile era.

7679
CSO: 3548/63

COASTAL ARTILLERY TAKES DELIVERY OF NEW ANTISHIP GUN

Stockholm DAGENS NYHETER in Swedish 12 Jun 86 p 18

[Article by Anders Bohman: "'Karin' Guarding Coast"]

> [Text] "KARIN is fire-ready!"
> This was the proclamation of Lieutenant Commander Sten Munk of Rosenschiold, called "Munken," with KA2 in Karlskrona during a premier showing of the Coastal Artillery's new gun at the beautiful Ravlunda artillery range in the spring, located in Osterlen on the coast of Skane.

The proclamation was not a male chauvinist provocation. KARIN stands for KA (Coastal Artillery) RIN (Mobile Invasion Defense), a new 12-cm Bofors gun, which after 11 years of development is ready to become an integral part of the war organization.

Vice Admiral Bengt Schuback will receive the new gun in Karlskrona on Saturday. DAGENS NYHETER attended the premier showing at Ravlunda artillery range. The cost of the system was 290 million kronor in 1978, whih corresponds to approximately one half billion kronor today.

Is it meaningful to invest in costly guns and artillery systems when modern wars are fought with guided missiles?

"Yes, absolutely. Guns are needed to counter an invasion along the Swedish coast, and this threat does exist in the Baltic," said Lieutenant Commander Hultgren with the KA2 regiment.

There was intense debate at times during the seventies as to whether the Coastal Artillery should focus on the development of a new artillery system or on missiles exclusively. In 1975 it was decided to develop an artillery system and, according to a government defense resolution in 1977, Bofors was directed to come up with a prototype. The prototype was built between 1977 and 1979, followed by 5 years of testing and further development. Three battalions will be outfitted with the new 12-cm KA battery m/80, which will be ready by the end of the eighties.

The Coastal Artillery battalion m/80 will replace older units with an almost 50-year old gun--the m/37, a 15.2-cm gun.

High precision, automatic, mobile and great firing power are some of the attributes of this new 12-cm gun. The design is based on the Bofors howitzer 77 concept, one of the world's most modern field artilleries.

The gun will fire on enemy vessels trying to land on the Swedish coast. The basic ammunition consists of highly explosive ocean-targeted shells, designed to explode inside a vessel to inflict the greatest possible damage. Highly explosive shells will be used to fire on landing vessels and land-based objects. The range is 20 km, and with a certain type of ammunition 30 km.

Rapid regrouping is important to a modern artillery. When the first shot is fired, the gun's position is revealed, making it vulnerable from the air. Therefore, it is important to fire quickly and precisely and then move on to a new position.

A 12/80 unit fires for about 15 minutes and then quickly regroups to a new position. With a firing speed of 16 shells per minute, this gun can inflict a great deal of damage. The battery's monitoring station can provide data on 32 ocean targets in succession, and the gun fires automatically.

"Each target is showered by a number of shells--then we move on to the next target. We can confirm the number of hits," said Battalion Commander Sten Munk of Rosenschiold.

The Coastal Artillery is talking about a regrouping period of 5 to 7 minutes by 1990 to avoid enemy fire.

STRIKA, a new military cable system, prevents the unit's detection by radar or radio waves.

The new KA battery m/80 consists of about 300 men and four 12-cm mobile guns. The unit can move 30 miles in 24 hours to reinforce the nation's defense against invasion anywhere along the coast. An air defense squad with two 40-mm automatic field guns provides protection against air attacks.

The monitoring platoon comprises three monitoring devices, including close-range radar, that watch the ocean area in question.

Photo caption:

The Coastal Artillery's new gun Karin is ready for action after 11 years of development. Karin is said to be capable of firing 16 shells a minute at vessels trying to invade Sweden.

8952
CSO: 3650/241

FOREIGN FIRMS COMPETE FOR DEFENSE INDUSTRY CONTRACTS

Istanbul DUNYA in Turkish 14 May 86 p 9

[Text] Ankara—It has been disclosed that 26 foreign firms wishing to invest in Turkey's defense industry with the purpose of meeting the long-term needs of the Turkish Armed Forces have submitted their preliminary proposals to the Fund for the Development of the Defense Industry.

The firms, mostly from Britain, the FRG and the United States, want to invest in highly diverse areas of the Turkish defense industry.

The said firms are interested in various defense-related industrial projects including the manufacture of missiles, electronic radars, tanks, helicopters and transport planes. The leading firms and the projects in which they have expressed interest are:

1) Royal Ordnance (Britain): Armored personnel carriers, land-based missiles and various ordnance materials;

2) British Aerospace (Britain): Joint production of Rapier missiles;

3) General Electric-Marconi (Britain): Electronic radars, communication systems and Tigerfish torpedoes;

4) GHK (Britain): Tanks and various armored vehicles;

5) Plassey (Britain): Radars;

6) Westland (Britain): Helicopters;

7) Vickers (Britain): 105-mm artillery and tanks;

8) Thyessen Marschel (FRG): Marder armored battle vehicles;

9) Kraus Maffei (FRG): Armored personnel carriers;

10) M.A.N. (FRG): Military vehicles;

11) AEG (FRG): Surface and underwater torpedoes;

12) Westinghouse (United States): Radars and other electronic gear for F-16 warplanes and ground radars with ranges of 200 to 300 miles;

13) Ford Aerospace (United States): Chaparral anti-aircraft missiles;

14) Cadillac Gage (United States): Armored military vehicles with wheels and tracks;

15) Thompson-CSF (France): Tactical warfare equipment;

16) Panhart (France): Armored military vehicles with tires;

17) Fiat (Italy): Various military vehicles with tires;

18) Alitalia (Italy): Military transport planes;

19) Oerlikon (Switzerland): 20 to 35-mm anti-aircraft guns (this investment is currently under way with MKE [Machine and Chemical Industry Establishment]);

20) Steyr (Austria): Armored vehicles;

21) Casa (Spain): Military transport planes in collaboration with Indonesia.

Seven Separate Investment Areas

According to a decision taken by the Supreme Council of Economic Affairs, foreign firms will be able to invest in seven separate specialty areas in Turkey. These areas, in which the Turkish firms can also participate, have been determined as: communication systems; radars of various types and characteristics; electronic low-level defense systems (optical industry); surface-to-air and air-to-surface missiles of various types; automation of military industry; and armored vehicles, tanks and artillery.

9588
CSO: 3554/86

EUROPEAN COMMISSION HEAD ON ECONOMIC POLICY, PROBLEMS

Paris LE NOUVEL ECONOMISTE in French 20 Jun 86 pp 58-60

[Interview with Jacques Delors, president of the European Commission, conducted by Jean-Pierre Sereni, in late July, place not given]

[Text] When Europe is not going through crises, everybody all but forgets its existence. And yet, the Community has foregone the ritual summer break: the issues before it are too urgent: a common agricultural policy, its budget, the trade wars with the United States, foundations for structures yet to be designed... the Twelve are navigating by line of sight, looking down at the problems they must solve. On the eve of the European Summit, late this month, Commission President Jacques Delors told NOUVEL ECONOMISTE about the new set of guidelines for the process of building a united Europe.

NOUVEL ECONOMIST : After a very busy year in 1985, which included admission of Spain and Portugal, which had been under discussion for 10 years, one gets the feeling that it's time to take a break. Does Europe have a master plan yet?

JACQUES DELORS: Yes. The big job we face right now is one that must be done by 31 December 1992: it entails designing and emplacement of an internal European market, by which we mean a space without interior borders in which the free circulation of goods and people, of services and of capital, will be insured. The process is already under way, and it will never stop again. You have to keep telling yourself that the issue of the greater European market will perforce become the intellectual and practical framework for the decision-makers. This is already in effect, or as nearly so as no matter, for the member states and for the major enterprises. Awareness of it has been slower to dawn among the more tightly regulated professions. Its reception by the general public, however, is far more promising; the greater market will be a popular topic for discussion. Look at the interest evoked by the Commission's recent program, calling for "freedom of movement for capital within the Community," or the adoption of a European standard for high-resolution television.

NOUVEL ECONOMISTE: Will the prospect of having a free trade zone 7 years from now suffice to get Europe off to a fresh shart?

JACQUES DELORS: The prospect is infinitely more vast than that. At the end of last year, we saw a genuine reform in European institutions when the Twelve passed the One Europe Act, in so doing profoundly revised the Treaty of Rome, which had stood for 30 years as the bedrock foundation upon which Europe would be built. Its aim is threefold: to improve the way the Community works, to help it make "better" decisions and operate more efficaciously and, in a treaty signed by all 12 member countries, to set forth the objectives for this fresh European start—and do it all at once.

NOUVEL ECONOMISTE: In essence, isn't the one great goal the European Market?

JACQUES DELORS: Yes it is: the barrier-free market by 1992 as embodied in the One Europe Act is the grand mobilizing theme, but it is not the only one. The text lists four more goals: enhancing economic and social cohesion among the members, expanding research and technology to close the gap between us and the United States and Japan, and broadening monetary cooperation...

NOUVEL ECONOMISTE: When can we expect to see the British pound in the European Monetary System?

JACQUES DELORS: Apart from the Labor opposition, the political leaders, one after another, the financiers and the industrialists across the Channel have rallied behind this idea, the latest-come among them the Chancellor of the Exchequer, Nigel Lawson. It is up to Margaret Thatcher now, and she will announce her decision at a time of her own choosing.

NOUVEL ECONOMISTE: Is the European Labor space included in all this?

JACQUES DELORS: Make no mistake about it: the barrier-free market will be neither accepted nor built unless it is accompanied by greater effectiveness, healthier equilibria among regions, and social justice. The fact that a number of principles are inscribed in a new treaty endows them with new political and juridical power. These are not merely goals the chairman of the Commission has in mind: they constitute a political and juridical obligation, and are thereby rendered more "binding."

NOUVEL ECONOMISTE: In practical terms, how close are we to implementation of these great principles?

JACQUES DELORS: We are currently moving steadily and even-handedly on three of them: the greater market, cohesion among the Twelve, and labor policy. I should like to emphasize particularly the social dimension of the European fresh start. During the 50's and 60's, we witnessed, in a great many European countries, a broad policy of dialogue between the social partners, That, in fact, was one of the trump cards for Europe, and one of the wellsprings of its energy. During the 70's, however, we somehow got out of that habit. The emergence of long-term massive unemployment altered the balance of power to the detriment of organized labor. Today, though, I am trying to restore that social dialogue, and I plan to start with the new European—a notion that may seem daring and even unrealistic.

NOUVEL ECONOMISTE: What else?

JACQUES DELORS: We have managed to single out four topics for reflection, to wit: in addition to macroeconomic policy (including ways to bring about stronger growth that will generate more jobs), introducing new technologies into enterprise, better training for workers, improving the efficiency of the labor market and providing more flexibility in working hours... The very fact that European CEO's, including those who run the biggest corporations, have agreed to resume dialogue with the unions shows that they know full well that a degree of deregulation and enhanced profitability will not suffice to bring back the radiant vitality Europe enjoyed 20 years ago. They have done some thinking about Japan's success. They may of course choose to take full advantage of the balance of power while it is still in their favor. But the penalty in the long run will be ineluctable, ranging from loss of motivation to wildcat strikes to a resurgence of chronic absenteeism. Eurosclerosis needs no miraculous, unique, fashionable remedy, no "Deregulate! Deregulate," as they keep exhorting us in the TV commercials to "Eliminate! Eliminate!" This is a societal challenge whose solution lies in an effort at mutual enrichment through resumption of the social dialogue. The member states are all in agreement with this approach, and support it.

NOUVEL ECONOMISTE: So the European employers/unions duet is going to turn into a trio?

JACQUES DELORS: In its attempts to get the social dialogue going again at the European level, the Commission enjoys a certain degree of credibility with both the social partners. My intention is not to erect huge doctrinal or diplomatic panoramas, but to work for the "improvement of the work place" called for in the One Europe Act. That concerns working conditions, a voice in management decisions, cleanliness and safety, wages, training... Actually, it is a general policy. To recover economic growth and social progress, Europe needs more political and social cohesion. That can come about through better social dialogue...

NOUVEL ECONOMISTE: The Japanese and American challenge is at least as much technological as social. In that area, what can the Community do?

JACQUES DELORS: First of all, we need to be acutely concerned with being helpful to our enterprises. The world is changing and new technologies have infiltrated every process in manufacturing. A new way of producing is taking hold, and competition comes from every direction. In this very unstable context, we must send our entrepreneurs a clear signal. Right now, a company interested in multi-purpose technology has several possibilities for acquiring it: he can go to the market (buying patents or licences), turn to his government (for a line of credit or a government subsidy), join an international cooperation program such as Ariane or Airbus, or a Community program such as Esprit (electronics) or Race (telecommunications).

NOUVEL ECONOMISTE: There is Eureka, too, which includes 18 European countries interested in new technologies, and whose 16 research projects often overlap with Community undertakings. So how do you go about clarifying the relationships between Eureka and, say, Esprit?

JACQUES DELORS: You have to draw a border that is clear and readily visible to our enterprises. In my view, Eureka should pick research projects that are closest to the market. The companies get together and agree among themselves and then, under conditions to be determined (financing, tax status...) they could receive permission to use the Eureka label. Community programs, on the contrary, should theoretically stick to basic research, by which I mean research projects that are still furthest from the market, as is the case with Esprit. If we adopt this distinction, European companies with a common research program would know whom to turn to.

NOUVEL ECONOMISTE: Can the Community afford such a policy?

JACQUES DELORS: We could help to lay the financial foundations indispensable to technological Europe. The Commission plans to develop a financial engineering division at the Community level, come out with new formulas and foster financial innovation to help make Eureka a success. For example, with the Eurotech Capital project, designed to facilitate joint ventures among small and medium European industries (PMIs) interested in high technology. Another route is Nic Innovation, which would enable us to amass European venture capital...

NOUVEL ECONOMISTE: After spending 18 months in Brussels, how do you assess your performance as chairman of the Commission?

JACQUES DELORS: I was merely "primus inter pares," one of seven Commission members from the twelve member states. I must rule by the force of my personality, by my proposals, and by making myself useful. I must persuade and cajole, because the Commission is not a government whose head always has the power to dismiss a minister. Besides, I can do on one side and undo on the other. By that I mean that the common Agriculture Policy must be defended in its basic principles, even though it must be profoundly altered as a function of the technological and international givens.

NOUVEL ECONOMISTE: Didn't the One Europe Act increase your powers, even so?

JACQUES DELORS: Actually, the One Europe Act strengthened the entire Commission's capacity to act by enabling it to issue "stays of application" on Council decisions. That is already beginning to be standard procedure. It is the sine qua non of efficacity. You find it again in the very grave matter of the trade quarrel between Europe and the United States. The Council decided to reply to the intimidation measures taken by Washington with measures of equal intensity: no more, no less. It was not Europe that triggered the hostilities. But at least let the members be explicit, make up their minds, and let the Commission get on with its work, which is the ways and means of action. However, I do not wish to dramatize this business any further. It is simply an illustration of Community life and of its complexity. The Commission, as guardian of the European interest, has the right to initiate and the right to execute, and it also has the right to engender and incite to action.

NOUVEL ECONOMISTE: How well will this grand instigator role play in the field of finance?

JACQUES DELORS: The Commission proposed freeing movement of capital in two phases: first, and in addition to what there already is, freeing short-term credits involving commercial operations in goods and services, freeing trading in stocks of unlisted companies, allowing sales of such shares on another national market. Next, in the second phase, freeing money-market transactions and the freedom to make deposits in cash anywhere in the community... Inevitably, in the long run this is going to require some rearrangements in national banking regulations and some accommodation among among insurance regulations. Protection for savers and depositors must be taken into account on the European scale. Similarly, creating this huge European financial space will require harmonization of taxes on savings and enhanced monetary cooperation. Taken all together, and mindful of the fact that the habit of saving is far more deeply entrenched in Europe than in the United States, this will provide a tremendous boost to the internal market, spur economic growth that can create more jobs, and hasten the advent of the ECU as the international reserve currency.

6182
CSO: 3519/213

AGREEMENT SIGNED FOR WEARING APPAREL EXPORTS TO LIBYA

[Nicosia I SIMERINI in Greek 4 Jun 86 p 1]

[Text] Agreements have been signed for the export of $20 million worth of wear apparel clothing from Cyprus to Libya.

It is expected that other orders totaling $20-30 million in value, will be made in the next 2 months. This newspaper was so informed by Mr Kokos Themistokleous, president of the League of Clothing Exporters, who led the trade mission that visited Libya recently. As Mr Themistokleous mentioned, more clothing is expected to be exported to Libya this year (than in other years). These exports should exceed $40 million in value, which is about the average of Cypriot exports to that country. He also said that the new orders have been made with the provision that 80 percent of the value of the products will be paid to the Cypriot exporter when they are loaded, while the remaining 20 percent will be paid within 3 months, on the understanding that the commodities will be shipped regularly.

Furthermore, Mr Themistokleous mentioned that on 20 June Libya will begin paying its old debts to Cypriot exporters. It is estimated that these debts amount to $18-20 million. He emphasized that toward this end, the minister of finance has already sent a letter to the Central Bank directing it to notify the Commercial Banks to begin payments on 20 June to Cypriot exporters of clothing to Libya.

Finally, Mr Themistokleous said that Cypriot exporters face no special problems in the Libyan market, even though Libya, like all other countries, tries to obtain Cypriot products at prices lower than those offered.

12570/8918
CSO: 3521/174

ECONOMIC DENMARK

SDP, COALITION PARTY URGE ACTION TO STEM CONSUMPTION WAVE

SDP Urges Intervention

Copenhagen AKTUELT in Danish 4 Jun 86 pp 6-7

[Article by Bjarne Kjacr: "Government Taking Vacation From Problems"]

[Text] Copenhagen--New steps to curb consumption are on the way unless there is a change in Denmark's abysmally poor foreign trade figures during the summer.

The government has refused to call an extra session of Folketing during the summer recess and dismissed the Social Democratic demand for immediate action to curb the issuing of consumer loans by banks and savings institutions.

Both Prime Minister Poul Schluter (Conservative) and Economic Minister Anders Andersen (Liberal) are trying to play down the catastrophic development revealed by the publication of trade figures showing a record deficit of close to 3 billion kroner for April. They still believe the figures will improve during the summer and they intend to keep in close touch with the National Bank with regard to developments.

"The government will not face the truth. It is taking a summer vacation from the problems," said SDP political spokesman Svend Auken.

In the first 4 months of the year the deficit was 2.5 billion kroner more than it was in the same period last year. This means a total balance of payments deficit of 11 billion kroner after 4 months. This occurred in spite of the fact that the decline in oil prices and the exchange rate of the dollar produced an improvement of 5-6 billion kroner.

"We urge the government to start talks with the National Bank concerning steps to curb the ability of financial institutions to grant consumer loans," Auken said.

He regards the situation as very serious. Interest rates are rising, the trade deficit is growing and we are seeing an outflow of capital to other countries. Apparently the government exhausted its imaginative resources with the "Easter package," Auken said following a meeting the Folketing Political and Economic Committee held on the subject yesterday with Poul Schluter, Anders Andersen and Finance Minister Palle Simonsen (Conservative).

Flimsy Excuse

Svend Auken said it was a flimsy excuse when the government tried to explain the abysmally poor trade figures for April by saying that Easter came in March this year while last year it came in April. The fact is that the government has no policy and no answer to the economic problems, but is simply hoping that something will come up in the course of the summer.

"We are aware that limiting consumer loans will present many problems, but it has to be done," said Svend Auken. "This can be accomplished on the administrative level without calling an extra session of Folketing."

Prime Minister Poul Schluter said after the meeting that the government is in constant contact with the National Bank about the shaping of monetary policy. The effects of the most sweeping economic intervention in Denmark's history, the Christmas and Easter packages, have not shown up yet. If the trend does not correct itself during the summer, the govern-ent will take the matter up again, the prime minister said.

Steps to Curtail Loans

Despite the government's refusal to act swiftly to limit loan-financed consumption, the view at Christiansborg is that steps will be taken very soon to curtail the granting of consumer loans by financial institutions. The National Bank has just made a study that shows that loans granted by financial institutions are behind the increase in private consumption.

Before yesterday's committee meeting the chairman of Folketing's Political and Economic Committee, Ivar Norgaard (Social Democrat), demanded that the government and the National Bank tighten up the amount of credit financial institutions are allowed to give for consumption, making loans available primarily for investment purposes. Owners of stocks and bonds have cashed in on the profits resulting from the sharp appreciation in value. The money has been spent on cars, expensive vacation trips, land and real property abroad, household appliances and video equipment. The financial institutions have also enabled many in the "middle-income group" to finance durable consumer goods through loans from banks and savings institutes, Ivar Norgaard said.

Critical of Banks

Government party people are also dissatisfied with the lending policies of banks and savings institutes. Liberal Folketing member Jens Skrumsager Skau said that if the financial institutions want to undermine the government's economic results, all they have to do is keep up their aggressive lending policies. And if the banks and savings institutes think Denmark should have a Social Democratic-Socialist People's Party government they can just continue in the same vein instead of taking their share of the responsibility, he said.

Tax on Loans

Radical Liberal tax policy spokesman Bernhard Baunsgaard would not rule out the calling of an extra session of Folketing during the summer recess if the trade figures do not change direction in that period. At the same time he made it clear that a new economic intervention would include the area of loans.

This might involve raising the tax on loans from banks and savings institutes from 1.5 to 3.0 percent.

Bank Loan Policies Blamed

Copenhagen AKTUELT in Danish 4 Jun 86 p 6

[Text] Helsingor--"When it comes to checking the high level of private consumption, I do not understand why the government has not moved against financial institutions long ago--and that includes Arbejdernes Landsbank, of which I am chairman of the board."

So said the chairman of the Danish Metalworkers' Union, Georg Poulsen, at a business conference in Helsingor yesterday. "The financial institutions and other lenders in the financial sector who have been happy to extend loans have made a big contribution to the problem of overconsumption," said the chairman of the Metalworkers' Union.

Christian Party Attacks Policies

Copenhagen AKTUELT in Danish 5 Jun 86 p 5

[Article by Bjarne Kjaer: "Demand for Steps Against Consumer Loans"]

[Text] The smallest of the four government parties has now demanded that steps be taken to check consumer loans. The demand came from the Christian People's Party the day after Prime Minister Poul Schluter (Conservative), Finance Minister Palle Simonsen (Conservative) and Economic Minister Anders Andersen (Liberal) met with Folketing's Political and Economic Committee and rejected a Social Democratic proposal concerning taking immediate steps to curb consumer loans made by banks and savings institutes.

Intervention Expected

But no one doubts that there will be some form of intervention if the catastrophic development in Denmark's foreign trade continues in the months ahead. The trade deficit for April set a new record of around 3 billion kroner and the balance of payments deficit for the first 4 months alone was

11 billion kroner. Without the sharp drop in oil prices and the exchange rate of the dollar the deficit in the first 4 months would have been 16 or 17 billion kroner.

The government still believes that the deficit will be "only" 18 billion kroner for 1986 as a whole, but most economic experts regard that as completely unrealistic. The government still hopes that the effects of the intervention before Christmas and the Easter package will have an impact on trade figures. If that does not happen within the next few months there is a prospect that we will have new economic interventions.

The Radical Liberals have called for restrictions on consumer loans if the trade figures make new steps necessary and now the Christian People's Party is doing the same thing.

"Consumer loans should be restricted and the accounting systems of banks and savings institutes should be examined closely," said the national chairman of the Christian People's Party, Folketing member Flemming Kofod-Svendsen. The party chairman said that credit legislation should be tightened up quickly in order to straighten out the balance of payments. It is unfair that durable consumer goods can be completely financed by taking out loans. It is a good liberal idea that one should save up the money first and then buy something, said Kofod-Svendsen.

6578
CSO: 3613/155

SORSA REJECTS ASSERTIONS FINNISH-USSR TRADE IN CRISIS

Helsinki HELSINGIN SANOMAT in Finnish 17 Jun 86 p 22

[Article by Kalle Heiskanen: "Economic Commission Chairman Kalevi Sorsa Warns Against Exaggerating, Going Overboard: Problems, No Crisis, in Trade With Soviets"; passages between slantlines in boldface in original]

[Text] In the raging controversy over trade between Finland and the Soviet Union, Prime Minister Kalevi Sorsa's viewpoint can be summarized thus: there are problems but there is no crisis. The chairman of the Finnish side of the intercountry economic commission warns against becoming guilty of going overboard when appraising trade developments.

"It must be admitted in all honesty that the situation which has arisen is troublesome, especially if we consider the opportunities to conduct trade in its intended breadth," says Sorsa. He replaced Ahti Karjalainen as Finnish leader of the economic commission.

"Because we still don't know at this moment, for example, at what level the prices of our key imports will settle during the latter part of the year, we're unable to estimate at this stage how long the changes that have occurred will last."

Sorsa warns against becoming guilty of going overboard when appraising the current state of trade between Finland and the Soviet Union, even though a change of $1 in the price of a barrel of oil on the world market causes a yearly fluctuation of 50-60 million rubles (1 ruble = 7.2 markkas) in Finland's imports from the Soviet Union.

Sorsa estimates that the value of imports will amount to 500-600 million rubles (3.6-4.3 billion markkas) for the year, if prices stabilize at the present low level for the rest of the year.

When this year's commodity exchange agreement was signed last December, the price of oil was $28 a barrel. Neste now pays just a little under $13 for a barrel of Soviet oil. The gloomiest estimates of the size of the trade deficit approach 6 billion markkas. According to the agreement, imports and exports together should be roughly 38 billion markkas this year.

Sorsa points out the other aspect of imports: out of total imports valued at 2.5 billion rubles, imported goods worth nearly 2 billion rubles are still awaited. "This also seems to be the bottom level below which the value of our imports will scarcely drop during the current decade.

"This being the case, the fact that 20-25 percent of our trade is in an uncertain state because of temporary disturbances should not be allowed to obscure the truth that 75-80 percent of our trade is still preserved. It constitutes a firm and broad foundation from which progress can be made in the future."

Basis of Trade Remains Same as Before

Sorsa does not warm to the subject of shifting bilateral trade--the essence of commercial activity--in the direction of trade based on free currencies. After all, bilateral trade means in principle that imports and exports are in balance.

The prime minister points out how the importation from the Soviet Union to Finland of many commodities--oil, oil products, coke--vital to the Finnish national economy has been able to continue undisturbed over several 5-year periods. He also cites the stable sale of numerous basic Finnish exports to the Soviet Union.

In Sorsa's view, the Soviet Union's planned economy "will hardly be shaken very much if the world market price of some product rises or falls in the vortex of economic activity.

"In my opinion, long-range planning to the extent that it has been practiced in recent years and decades by Finland and the Soviet Union, for instance, has proven a very practical way for both parties to conduct trade between two countries which differ from each other in their economic systems," says Sorsa. The arrangement can be improved, however. Sorsa alludes to ideas that popped up in 1980 after the second oil crisis according to which you do not take care of short-term trade fluctuations by the shipment of goods but by some sort of buffer method within a clearing system. In this way, the burden caused by a sudden fluctuation can be spread out over a period of several years.

"There comes to mind, naturally, the idea of transferring excessively large surpluses to credits which would then be amortized over an agreed-upon stretch of time. I believe there's good reason to give serious thought to this possibility, especially under the recently arisen circumstances, which have certain points in common with earlier years," suggests Sorsa.

"I, Too, Am Surprised"

For years now the Finns and the Soviets have been negotiating so-called compensation projects involving construction exports. Finnish constructors would receive as payment the products of the factory in question. Raute and Schauman as well as Neste, among others, are on the move.

Negotiations concerning the first three projects have gone on and on. Providing credit for the construction period is one of the problems.

"I'm a little surprised by that, too," replies Sorsa, when he is asked why not a single agreement--even an experimental one--has yet been reached on a compensation project.

/For years there has been talk about productive teamwork, working together in third countries, compensation projects, and so forth. Is there at this moment anything new on the horizon to liven up trade relations which plod along in a rut?/

Sorsa: "I wouldn't want to speak about plodding along in a rut with reference to exports of the Finnish metal industry, for example, for which 1986 really seems to be turning into a year of many different changes. Right now we're in the first year of a new basic agreement which includes very significant quotas of export products from Finland to the Soviet Union which arose as a result of productive teamwork.

"These exports, the value of which from here on in will rise in a few years to an annual level of nearly 2 billion markkas, do not, in my opinion, entitle us to say that our trade relations are plodding along in a rut."

Sorsa says he is also fairly certain that "compensation projects will start to be carried out within a few years and will have a bracing effect on trade relations."

No New Kostamus

/Last year was a nightmare for Finnish builders. In addition to little construction work at home, the stream of rubles from the east ran dry. Should we prepare for some major business failures in the construction field or do you foresee a new Kostamus, a new Svetogorsk?/

Sorsa: "I really don't think there's a new Kostamus on the horizon at this moment. Our construction exports have been split up in such a way that instead of a few big contracts we're essentially getting involved in the execution of a large number of smaller projects.

"At the same time, the projects have become more technical, and the share of construction work in them has declined to the advantage of machine deliveries and other things. This being the case, it would appear that our construction firms have been stuck with the role of great accommodator in numerous senses."

Finnish builders have now and then pondered aloud whether they should reduce the number of competitive bids they make for Soviet contracts. It is estimated that Finns eventually participate in one Soviet project for every six they bid on. This costs money.

It is natural, according to Sorsa, for the Soviets to want competition for their projects; that way, prices drop. "On the other hand, isn't it somehow an overall advantage if we manage to keep the competition within Finland's borders?" he asks.

Nuclear Power Plant Dropped

/Has a fifth nuclear power plant been definitively dropped from the list of additional imports to replace oil?/

"It's my understanding that consideration is being given to a large power plant that doesn't run on nuclear fuel," replies Sorsa succinctly.

Throughout the spring there has been an exhaustive quest for new imports to replace oil. During the negotiations, according to Sorsa, "the search for new imports has been thorough, but the final outcome still isn't known at this moment."

The Soviets offer Finland their passenger planes at regular intervals. Finnair refuses to purchase the Soviet aircraft every time. Sorsa, chairman of Finnair's advisory board, said he is convinced that the "active leaders of Finnair have delved deeply into the matter and that the decisions the company has made at this time are optimal for profitable operations."

Sorsa says that when people talk about buying passenger planes, maybe it does not always occur to them that airplanes are just one part of the total system in the operation of a modern airline. "This being the case, the acquisition of a new type of airplane means that the company must clarify how the acquisition will affect the operation of the total system."

"We Wouldn't Want to Cut Exports"

Finnish firms are naturally worried about what the fate of their products will be on Soviet markets if the imbalance of trade continues for a long time. To be sure, neighboring authorities have sought to allay those fears. At the end of April, deputy trade representative V.D. Pugin said he considers unfounded, at this time anyway, stories to the effect that Finnish firms' exports to the Soviet Union would be cut.

Prime Minister Sorsa's point of departure is that "we in Finland, of course, wouldn't want to begin cutting our exports in any direction." According to Sorsa, it is a different story if for one reason or another the buyer decides not to purchase products he previously obtained from Finland.

"At the present time we're still not able to say in which areas the Soviet Union will reduce its purchases, if indeed it comes to that point," judged Sorsa.

Additional Committees Not Needed

The Center Party in particular has found fault with the economic commission's work. The most recent to join the chorus is the Center Party's parliamentary group chairman, Kauko Juhantalo, who has called for a special Cabinet committee to give a boost to trade with the Soviets.

"This doesn't have anything to do with committees. There are plenty of those," replied the commission chairman. In Sorsa's opinion, it is difficult to imagine what a Cabinet committee could produce that would be substantially new.

"We have a Cabinet committee for foreign policy. It can deal with trade-policy issues if it wants to, but there really haven't been any such proposals except for trade agreements."

On no account, in Sorsa's opinion, is the time up for the economic commission in its present form.

Sufficiency of Time Is Relative

When the choice of Sorsa for the leadership of the economic commission was introduced, he was reported to have doubted that there would be enough time. Sorsa now responds thus to the question about sufficient time: "My work as chairman of the economic commission has opened up for me the very interesting set of circumstances which is shaped by the efforts to improve Finnish-Soviet economic relations in different spheres of activity.

"When you're interested in something, you naturally have the feeling every now and then that you'd like to spend more time on it. So sufficiency is relative."

Sorsa has occasionally been criticized for not appearing in public in his capacity as chairman of the economic commission. He replies: "I have appeared in public plenty of times, but you and others haven't noticed. The interest generally comes from special journals in various fields, and there have been statements in them. But a prime minister is required to appear in public so much that he has no special time left over for them."

Taisto Kalevi Sorsa heads the commission during a time when a new generation is assuming power in both countries. Finland will have to compete more fiercely for its positions on the Soviet market.

/To what degree will the countries' economic relations be influenced by the fact that the so-called old hands like Patolitshev and Karjalainen have stepped aside, or are stepping aside?/

Sorsa: "Economic relations between Finland and the Soviet Union are currently so broad and varied that new 'old hands' are being produced all the time. Personal contacts have some importance, but reality is what counts now and what counted before."

12327
CSO: 3617/130

FURTHER GROWTH PROJECTED IN WAKE OF RECENT LEAP

Paris LA TRIBUNE DE L'ECONOMIE in French 13 Jun 86 pp 1, 4

[Article by Richard Heuze: "The Italians Are Getting Rich"]

[Text] A symbol of wealth: 14,500 Lancia Themas were sold in the first 5 months of 1986 as opposed to 22,000 for all of 1985. At Fr 130,000 for the basic model without options or accessories, Fiat, which has also produced 17,200 Comas this year at 19-26 million lire apiece, is certainly not about to complain. But the Italy of the motorized three-seater in "La Strada" and of "Bicycle Thief" has disappeared. The Uno has replaced the microscopic 500, which held on for 20 years, and Palermo, the poorest and most run-down city on the peninsula, has the highest concentration of BMW motorcycles in Europe outside of the FRG.

It is easy, then, to compare Italy's situation with that of 1946, when King Umberto abdicated and the republic was proclaimed. At that time, 44 Italians out of 100 were working in the fields. Only 10 out of 100 do so any more. One-third of the population never ate meat and another quarter of the people did so only once a week. Italy now imports whole trainloads of veal from France and Holland to satisfy its taste for luxury.

Some 15 percent of Italians never used sugar. In 1986, the largest sugar company in Europe is Italian: Ferruzzi. Some 3 million homes had been destroyed in the war; now 64 percent of Italians own their own homes, and so it goes. In 40 years, the cost of living has increased twenty-fold. The number of retirees has doubled (81 over age 60 for every 100 young people in Italy in 1986 as opposed to 46 at the end of the war).

Over the years, Italy, the 7th largest industrial power, has gotten rich, middle-class, and old.

This trend is similar to that of all Western societies. But it has never been so marked as in the last 5 years. Commentators call it the second Italian economic miracle. The first was the emergence or discovery of the power of the underground economy at the beginning of the 1970's. The euphoria of the stock market, which has risen 200 percent in 17 months--an absolute record in the West, emphasizes the strength of this trend. The size of the rollback since the "black Thursday" of 29 May (when it dropped 25 percent) shows its profound instability and unevenness.

But the Bank of Italy's reports tell more than anything else about this new wealth enjoyed by the compatriots of Verdi and Garibaldi. In fact, Italy is beating all records for financial liquidity reported to the national revenue service. As of last 31 December, household financial activity (i.e. cash deposits in banks, government bonds, stocks and bonds, etc.) came to 903 trillion lire. This is more than 120 percent of the gross domestic product. One year earlier it had been 732 trillion lire.

To this already impressive figure can be added the total value of real estate held by Italians: it is valued at 1.581 quadrillion lire. This total wealth is 3.5 times the gross domestic product. Not that Italians have gotten rich overnight. It has been a slow process that has its roots in the first economic expansion of the 1970's and has extended over 15 years.

The sociological study center CENSIS [Center for the Study of Social Investment] also shows that in the last 4 years the total wealth of Italians has increased relatively little: about 1.2 percent a year. On the other hand, the distribution of wealth has changed rapidly. Real estate lost 34 percent, doubtless as a result of the 1976 law imposing strict rent control and the economic recession, which left construction stagnant.

Savings Transfer

The governor of the Bank of Italy, Carlo Azeglio Ciampi, explains: "Encouraged by high interest rates, households increased their financial investment in recent years while they decreased their purchases of material goods, especially housing." Traditionally, savings have been invested in banks. However, diversification appeared recently, in the last 18-24 months. Thus, bank and postal savings accounts represent no more than 40 percent of total savings as opposed to 65 percent in 1982. Government bonds rose from 19 to 27 percent and stocks, from 6.5 to 10.5 percent, while investment funds are taking nearly 4 percent of household savings.

However, changes in the trend cannot be ruled out, even a return to the previous situation. Diversification has been encouraged by the explosive rise of the stock market, the decline of interest rates on government bonds (3 points in 4 months) and lesser return on bank deposits. The stock market drop of the last 2 weeks is again making bank and treasury certificates (BOT's) more attractive. This is most gratifying to the Treasury minister, Giovanni Goria, who relies on public borrowing to finance a national debt equal to 16 percent of the gross domestic product.

For individuals, this source of wealth remains important and belies outworn cliches about Italians' alleged poverty. The population of Italy was 46 million after the war; it is now 57 million, including about 16 million households. Four million families own nothing, judging by their tax returns (this figure will probably be reduced in the next few years by the recent tax reform). This leaves 12 million "propertied" households with an average household wealth of 206 million lire: 131 million invested in real estate and 65 million in savings.

This figure does not include cash, jewelry, furs and durable consumer goods (automobiles, electric appliances, stereos, etc.) estimated at an average of 30 million lire per household. This total wealth comes to about 240 million lire (Fr 1.2 million) per household, which shows that Italians' wealth is solid.

Richer by a Third

This wealth is not about to decline, according to a study from the Promoteia economics institute. The Italian gross domestic product should grow an average of 2.61 percent a year until 1995 with a high of 3.5 percent in 1987--a "particularly brilliant year," according to Promoteia--and slower growth (2.1 percent) after 1991.

Over this 10-year period, the population is not expected to grow by more than 300,000, which means that the country's wealth will still be shared by more or less the same number of people. Economist Giuseppe Turani concludes, "Every Italian can now expect 12 million lire in income a year. In 1995 he will have 18 million. We will be a good one-third richer." (Turani is the author of several works including "The Lawyer" (Giovanni Agnelli) and "The Second Italian Economic Miracle," both published by Sperling and Kupfer in Milan.)

8782
CSO: 3519/208

ECONOMIC SWEDEN

BUSINESS LEADER SEES MARKET IN USSR FOR ENERGY CONSERVATION

Stockholm DAGENS NYHETER in Swedish 22 Jun 86 p 9

[Article by Harald Hamrin: "Soviet Union Wants More Cooperation"]

[Text] Moscow--Increased production cooperation and in the long run perhaps regular joint ventures will characterize the economic cooperation between the Soviet Union and the highly industrialized countries in the West in the future. In the short run the Soviet Union is interested in buying the latest Western technology for modernizing existing industries.

Thus can be interpreted the Soviet message to more than 100 businessmen (and one businesswoman) from most countries in Western Europe as well as from Japan and North America.

The message was delivered over the Midsummer holiday during a 2-day conference in Moscow on "the development of economic relations between the Soviet Union and the Western nations until 1990." The conference was organized by the International Chamber of Commerce in Paris.

On the Soviet side a number of the top men in the economic leadership were represented, among them Foreign Trade Minister Boris Aristov and the deputy chief of the planning authority Gosplan, V. P. Lachtin. Among the Swedish participants noted were Nikolai Vestersten from Procordia International AB and representatives of JCC, S-E Banken, Svenska Handelsbanken and Alfa Laval Unimex AB.

Lukewarm Interest

Several of the Soviet speakers pointed out the possibilities of increased production cooperation between the Soviet Union and the highly industrialized countries in the West, and at the concluding press conference the chief of the Soviet Chamber of Commerce, Yevgeniy Pitovranov, declared that the preconditions for joint ventures will be studied. The Soviets have previously shown lukewarm interest, to say the least, in this form of cooperation, but will now study among other things the legal problems associated with joint ventures.

"I can say that this question is being considered in principle as a possible way, but as for the frameworks, forms and the legal foundation a thorough study is necessary," Pitovranov said.

Foreign Trade Minister Aristov for his part stated that the Soviet Union only wants to buy the latest technology "at a high world level" from the West.

Swipe at the United States

"The Soviet Union does not intend to become a market for outdated technology," said Aristov, who also took the opportunity of taking a swipe at the United States for its boycott and sanction policy against the Soviet Union and Eastern Europe.

Other than that, the Soviet representatives took the opportunity of presenting to their Western audience the principal features of the new Soviet five-year plan (1986-90), which was formally adopted by the Supreme Soviet last Thursday.

A main feature of the new plan is a shift in emphasis in the direction of modernization of existing facilities.

"A tendency away from large turnkey projects can be noted," Nikolai Vestersten from Procordia International tells DAGENS NYHETER. Such a modernization is exactly what Sweden has been undertaking for the last 10-15 years. Swedish companies must have an enormous number of opportunities for participation here.

Energy Investment

Some features of Gorbachev's economic policy of interest to Sweden are the investment in energy and raw material-saving measures. In this area as well Swedish experience ought to be of interest to the Soviet Union.

The technological and scientific development is also in the focus, and in that context the time between research/development and finished products will be reduced--if the Soviet hopes are realized.

There is also a great deal of talk on the Soviet side about expanded licensing trade.

11949
CSO: 3650/254

ELECTRICITY ACCORD WITH IRAQ APPROVED

Istanbul DUNYA in Turkish 14 May 86 pp 1,9

[Text] Ankara--The Council of Ministers has approved the electrical energy agreement signed between Turkey and Iraq. The agreement provides for the mutual exchange of electricity generated within the territory of each country by integrating the national grids of each country.

According to the agreement, signed by the Turkish Electric Power Enterprise [TEK] and the Iraqi State Electricity Authority, the transfer of electrical energy between the two countries will take place over single-phase 400-kilovolt transmission lines with a capacity of no less than 500 megawatts. Initially, the Iraqi State Electricity Authority will sell to TEK 400,000 kilowatt-hours of electricity each year and will make available a power capacity of 70 megawatts (plus a maximum additional capacity of 10 percent). The amount purchased may be increased by 20 percent at TEK's request.

Implementation of Project

The agreement envisages the completion and phasing in of the required transmission lines and substations by 1 October 1987. The Iraqi State Electricity Authority and TEK will be responsible for the planning, construction, assembly and operation of the equipment necessary in their respective territories using their own financing resources.

The rate which TEK will pay its Iraqi counterpart for the electricity it purchases will be determined by subtracting from the meter reading at the Zakho substation the power loss computed from the difference of meter readings at the Zakho and PS3 substations . According to this procedure, TEK will pay $616,666 for the guaranteed power capacity 70 megawatts (plus 10 percent) and 1.85 cents for each kilowatt-hour transmitted. These prices will be adjusted at the beginning of each calendar year.

According to the agreement, these payments will be made through a revolving credit arrangement to be administered by a first class bank that has direct links with the Iraqi Central Bank and that is acceptable to the Iraqi Central Bank. The credit account, which guarantees one month's payment for the power capacity and the estimated cost of one month's electricity purchases, will be opened 15 days before the transmission of electricity begins.

9588
CSO: 3554/85

DEPOSIT INTEREST RATES REVISED UP, DOWN

Time Deposit Rates Down, Demand Rates Up

Istanbul DUNYA in Turkish 30 Apr 86 pp 1, 9

[Text] Ankara (DUNYA) - Deposit interest rates were reduced between two and three points. An earlier reduction of one-two points was also made on 1 March 1986 in 3-month and 6-month deposit interest rates.

While the interest on 1-month time deposits was left as is, in accordance with the decision adopted by the Central Bank's Bank Assembly at yesterday's meeting, deposit interest on 3-month accounts was reduced from 55 percent to 52 percent.

According to the decision, interest on accounts on which interest is paid quarterly was reduced on 6-month accounts from 45 percent to 42 percent and on 1-year accounts from 46 percent to 44 percent.

Interest on demand deposits on which 5 percent interest has been paid to date will be paid at a rate of one-third of the interest on 1-month deposits between 1 May and 31 July, to be valid as of 1 May 1986, according to the Central Bank's Bank Assembly decision. In other words, 11.66 percent interest will be paid on demand deposits from 1 May to 31 July, and 23.2 percent will be paid as of 1 August 1986. Interest on demand deposits was 20 percent until 19 December 1983.

The statement made by the Central Bank notes that the maximum interest rate that banks can pay on the acceptance of deposits as of 1 May 1986 will not be controlled up to the rate specified by the latest revision.

The statement also points out that interest rates now in effect on time deposit accounts opened prior to 1 May 1986, the effective date of the new rates, will apply until the terms expire. Interest rates on interbank deposits, meanwhile, continue to be unregulated.

Deposit Interest Rates to Apply as of 1 May 1986
(Annual percentage)

Type	1 August 1985	1 March 1986	1 May 1986
A. Demand Deposits	5	5	1 May-31 July 11.6 After 1 August 23.2
B. Time Deposits			
a) 1-month	35	35	35
b) 3-month	45	44	42
c) 6-month	50	48	45
d) 1-year	55	55	52
C. Savings, interest paid quarterly			
a) 6-month	46	45	42
b) 1-year	46	46	44
D. Interbank Deposits - unregulated			

Annual Net Income on 100,000 Liras

Terms	Old	New
1 year	49.335	46.644
6 months	47.691	44.438
3 months	45.703	43.339
1 month	36.330	36.330
Demand	Until 1 August	
	4.500	10.500
	After 1 August	
	4.500	20.900

Editorial Questions Goals

Istanbul DUNYA in Turkish 30 Apr 86 p 1

[Editorial: "Caution and Cloudiness"]

[Text] The rate of inflation and interest rates have exceeded all other indicators to become a "fetish" in both directing the economy and evaluating its progress. Of the two, each of which must be assigned importance technically as a means of measurement and guidance, inflation seems somehow to have bred a political party all by itself in Turkey and to have played a large role in in its coming to power. Though interest rates are the price of money, not ultimately to be considered so different from any other kind of goods, they have taken on a character which throws public opinion into a flurry with each revision, leads to intense debates, breeds widely disparate opinions and even stupefies government echelons.

Such a picture is doubtless quite an exception in strong, liberal economies which still have problems but are generally healthy. In Turkey, where efforts are in progress to open up to and integrate with such economies, it is the rule. One reason for the irony is that the process of conversion to a "free market economy" comes face to face with serious mistakes and bottlenecks. Failure of the economy to take into account the conditions peculiar to itself and the inability to integrate technical operations with a mature body of opinion at the roots of these conditions are another source of the problems experienced.

The government, with this as the background and with agonizing not experienced before, has revised deposit interest rates again. It is known that, up until yesterday, when the decision was officially announced, the operation was causing "hesitation" and "worry," not just at the Central Bank and among the banking sector whose field this is, but also among the political authorities who put their seal on the decision. Perhaps for the first time, differences of opinion have emerged on interest rates between Prime Minister Ozal and his close working partners. The reductions in deposit interest rates varying between 2-3 points depending on categroy, indicate that the economic administration has gone for a revision in monetary policy that is "cautious" but has "cloudy goals."

The Central Bank's use of the "ceiling-setting method" in interest policy rather than reducing rates a few points is an innovation. Banks "may keep the interest limits they will pay on deposits below the rates specified if they wish." However, even though the banks compete with each other, since they are obviously not going to get into a comedy routine vis-a-vis savings holders of "I'll take your money for less that the other banks," some other formations in the financial sector are to be hoped for.

What might the expectations be? First, to get the banking system to bring deposit interest below the ceilings in parallel with the steadily declining rate of inflation. Second, to cut credit costs indirectly and, third, to prove that inflation is declining. It is as if, in this commitment, the government has tasked the large influential banks with establishing a "low interest cartel." It seems that the seven large banks are being trusted to regulate approximately 50 percent of deposits and that a green light has been given for them to "correct" the deposit market. One question that arises here is: How lucky will the seven large banks be if interest rates are "further reduced," even if they have an agreement among themselves? Even disregarding the effect of reduced interest on savings, how are the small and mid-size banks which have proved their competence at attracting deposits and playing the interest games in the past going to be monitored?

Another question: The government has paid a lot of attention to avoiding tightening the scissors between deposit interest rates and the rate of inflation, where a relative downward trend is in progress. Has the government and its money management's "lack of confidence" in the near future of the inflation problem played a role in this behavior? That is, is the government experiencing a self-fulfilling prophecy in the concentration of the "expectations of high inflation" psychology that it has always criticized? If that is the case, there is no remedy but to act with caution and try to snare certain goals in the cloudiness.

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ECONOMIC TURKEY

BRIEFS

CREDIT AGREEMENT FOR SIR DAM--A $165-million credit agreement has been reached between the Cukurova Electricity Corporation and the World Bank. The agreement, which provides for financing to be used in the construction of the Sir Dam on the Ceyhan River, will probably be signed on 26 May by officials of the government, the Cukurova Electricity Corporation and the World Bank. According to information obtained from Ibrahim Gunay, Deputy Chairman of the Cukurova Electricity Corporation, two separate agreements will be signed after the talks on 26 May. One of these accords will be a guarantee agreement between the Turkish government and the World Bank, and the other will be a credit agreement between the Cukurova Electricity Corporation and the World Bank. The Sir Dam is one of the six dams being planned on the Ceyhan River and will irrigate 366,000 hectares of land and protect 53,000 hectares of land from flooding. The dam will have a capacity of 1.12 billion cubic meters and will have a height of 120 meters. The dam will also incorporate three 150-megawatt power generating units. The construction of Sir Dam, which will be used for irrigation and power generation, will be completed 4 1/2 years after the flow of foreign credit begins. [Istanbul DUNYA in Turkish 14 May 86 p 3] 9588

MINERAL EXPORTS INCREASE--Etibank's earnings from mineral exports in the first 4 months of this year was 14 percent higher than its income in the corresponding period of last year. In the January-April trimester of this year, Etibank's mineral exports totaled $43.49 million. The figure for the corresponding period of last year was $38.322 million. According to information obtained from Etibank officials, boron ore and refined boron products constituted the biggest portion of mineral exports in the first 4 months of this year with a total value of $33 million. During the same period, exports of chromium and ferrochrome products amounted to $7.4 million. An additional $3.9 million were earned from the export of calcium carbide, alumina, mercury, tungsten ore concentrate, antimony, aluminum hydrate, aluminum plates and perlite. The officials stated that the growth in mineral exports was the result of efforts to increase exports and that the total mineral export target for the entire year is $200 million. Last year, Etibank's mineral exports totaled $95 million. According to the information obtained, the leading buyers of Etibank minerals are Western and East European countries (the Soviet Union being the largest buyer), the United States, Japan and Middle Eastern countries. Last year, most of Etibank's exports went to the United States, Japan and Europe. In 1985, Etibank also exported to Latin American countries for the first time. [Istanbul DUNYA in Turkish 14 May 86 p 3] 9588

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LOMBARDY REGION MOST AFFECTED BY POLLUTION

Rome LA REPUBBLICA in Italian 1-2 Jun 86 p 15

[Article by Giorgio Lonardi]

[Text] Look at the crimes committed against the environment in Lombardy! The richest region in all Italy is the foulest...

Surrounded by dump-sites, criss-crossed by rivers and canals of poisoned water, at the mercy of acid rain, jam-packed with hazardous industrial plants, Lombardy, in addition to being the richest and most advanced region in Italy also takes the sorry prize for most pollution in this lovely land. The somber inventory that follows, far from claiming to be exhaustive, is merely a first glimpse at the region's most hideous problems.

Rivers and Lakes

Of the 491 bathing beaches and resorts in Lombardy, only 118 boast water fit to drink. At the other 373, the mayors have orders to put up "No Swimming" signs, but they don't always do so. Hence, three out of four beaches are hazardous because the water is swarming with fecal coliform, fecal streptococci, and, in some cases, salmonella bacteria. These data are kept by the Regional Health Department and distributed by the Green Group in the Region.

The list of rivers and lakes "off limits" is endless. In some rivers like the Seveso and the Lambro, both visibly polluted, nobody has even run a water-quality analysis. In any case, swimming is almost or totally banned in Lago Maggiore, at Varese, in the Adda River, the Ticino, and, as a result, in the Oglio, the Brembo, and the Serio. Seriously endangered are many stretches of Lake Garda, Lake Iseo, Lake Como, and Lake Lugano.

Drinking Water

After they found out in Milan that there was trichloroethylene in the drinking water in 1975, 140 wells were sealed over the next 2 years. Even today, the level of chlorinated solvents in Milan's drinking water are higher than the levels set by the EEC. The

Community has ordered that by the end of 1990, all wells with more than 50 ppm of chlorinated pollutants be sealed. For the time being, only 20 percent of Milan's wells meet that standard.

Wildcat Dump-Sites

You find them everywhere: Milan Province has not yet finished counting them. The areas most affected are Brianza, Pavia and its environs, and Lower Bergamo.

Hazardous Industrial Plants

The "bag-snatch"committed a few months ago by Regional Environmental council members Sergio Andreis and Nick Albanese resulted in publication of the "pinpoint map of industrial activities constituting a high risk of a major incident," kept under lock and key by Health Inspector Isacchini. Please note: we are not talking here about a list of so many potential Bhopals. Even so, it is evidence that in Milan's province there are 101 plants officially listed as "potential hazards." A vast majority of them are owned by companies that have complied with all the safety arrangements deemed necessary. However, it should not be forgotten that the criteria by which certain materials are designated "hazardous" are open to criticism. Icmesa, which was responsible for the disaster at Seveso, would not make it onto the list, because the amounts of "hazardous" materials there would have been too small.

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END

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West Europe Report

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COMMENTATOR VIEWS PROBLEMS IN RELATIONS WITH UNITED STATES

Vienna DIE PRESSE in German 28/29 Jun 86 p 5

[Commentary by Engelbert Washietl: "Crashing Into Reality--Austrian-United States Ill-Feeling Contains an Opportunity for a New Beginning"]

[Text] During the entire postwar period there has not been as much of a crisis in the relationship between the United States and Austria as there has been during the presidential election campaign. Mutual suspicion is deep-rooted and has increased on both sides. Statements critical of the United States can be heard in Austria, of all places inside that conservative camp which had always combined statements about its attachment to the free West with loyalty to the United States. Even though the new government is hard pressed to clean up the debris and is engaged in an image-improvement campaign, we must a priori understand one thing: there is no way to return to the old situation of the Austrians' somewhat naive unquestioning belief in the United States. But perhaps this crash into reality contains an opportunity for establishing a meaningful new relationship.

When Kurt Waldheim takes the oath of office as Federal President on 8 July, he will be honored, among others in the diplomatic corps, by the ambassador of Greece. The Greek government sees neither domestic nor foreign policy reasons nor "moral" grounds for boycotting the ceremony, even though everything the presidential candidate has been accused of in connection with his German army service relates to the Salonika area. As of now, U.S. Ambassador Ronald S. Lauder on the other hand, will not be present--he has said that family matters will require his absence from the Austrian federal capital on that date. It might not be beneficial for him and for his future career if the U.S. TV networks were to show him together with Waldheim--he does not say this, but it is easy to imagine.

Thus even on the "day after" there remains between Austria and the United States an indigestible matter which cannot simply be described as a lack of understanding or a misunderstanding. The Austrians, be they pro- or anti-Waldheim, have learned that a superpower like the United States, motivated by strong public opinion and the activities of the lobbyists around the Capitol, will at best observe a pregnant silence toward the weaker party or will, if necessary, dispatch a telegram containing good wishes from President Reagan which is so strongly hedged as to resemble the Delphic oracle:

"...cooperation with you and your government in the interest of further promoting the existing close ties..." (Excerpt from President Reagan's congratulatory telegram to Federal Chancellor Vranitzky, June 1986.)

The deputy director of the Office of Central European Affairs of the U.S. State Department, Michael Habib, who explored the situation in Vienna in the middle of June, was not far off the mark when he earnestly asked his interlocutors whether there had been a change in attitude toward the United States in Austria. Such a change had indeed been determined by the Imas Institute, whose poll showed that, in 24 percent of those interviewed, their opinion of the Americans had worsened. However, it cannot be determined whether such changes are mere surface ripples or whether they are the result of a deep, subterranean movement. Added to this is the fact that Austria is only a small part of Europe. Habib, who had at one time worked at the embassy in Bonn, noted during this exploratory trip that FRG Foreign Minister Hans-Dietrich Genscher had undergone a radical change; the one-time Atlantic Treaty enthusiast has become a critic of U.S. foreign policy which apparently functions in accordance with rules which are hardly compatible with European reality. Similar difficulties exist in Washington's relations with France, which denied overflight permission to U.S. bomber squadrons on their way to Libya.

In this context, Austrians must redouble their efforts to make certain that differences of opinion which have cropped up are not exacerbated, but rather dealt with in open discussion. This was after all accomplished in the heavy turbulence involving technology transfer: Austrian and U.S. diplomats agree that this problem has been settled almost completely since the change in Austrian foreign trade law (late 1984), and that is is "no longer acute." The remainder of U.S. objections to happenings on Austrian international traffic routes concerns only so-called unbroken transit, i.e., the passage of sealed freights through the country, which are of course not subject to official inspection.

Efforts are being made at this moment to contradict accusations by U.S. official sources concerning a lack of counter-terrorist measures, which have been accepted at face value by the U.S. public. The foreign affairs ministry has entered into this argument by publishing a catalog of measures already taken, be they technical, political or police related; also, foreign policy activities, e.g., the revision of relations with the states concerned, which in the case of Libya has already shown some results. Says an Austrian diplomat: "Our record is better than the Americans have assumed."

In late 1982, the government approved a concept for relations with the United States for the period 1983-1986, which stated that "the foreign policy of ever-neutral Austria must strive for understanding and empathy in the United States." This is still valid. However, the radical change in the overall situation caused by the Waldheim affair is best demonstrated by this passage concerning the media sector: "While the degree of recognition for Austria in the United States is relatively low, the initial situation for efforts by the Austrian media is not at all discouraging"--a sentence of which today almost the opposite is true. This is true also of some additional observations: 80 percent of newspaper articles concerning Austria fell into the "positive" category. Next week the press attache in Washington should be happy to be able to clip some "positive" reports in connection with the "Vienna 1900" exposition after a long period of drought. Good or bad--the name Austria has during the last few months received transcontinental attention to a degree which, in comparison with prior years, amounts to a revolution. As late as 1982, pertinent statistics indicated that "there are no articles about Austria in about two-thirds of 1800 U.S. daily newspapers."

New Foreign Minister Peter Jankowitsch is convinced that the new disturbances at government level will be the easiest to repair. Said Jankowitschi in a PRESSE interview: "The real problem is public opinion; the first big difficulty in this image situation is that we will have to deal with an unfavorable public opinion. This is a task which goes far beyond the government and its officials. We must do this in the proper way, i.e., we must not manipulate public opinion, but we have to speak the truth." Basically, the point must be made at all levels of contact that the relationship with Austria must not be judged on the basis of the results of 3 months of election campaigns, but rather that the entire postwar period should be scrutinized, all the way to the State Treaty and the policy of asylum for Russian Jews. Jankowitsch tells his representatives that they must meet U.S. statements in an active and resourceful manner rather than wait for instructions from Vienna.

"Our policies in meeting with the East and the West, North and South demonstrate that we are far removed from everything that happened between 1938 and 1945. There is no common ground at all. We have found an entirely different relationship with Germany. We are a normal and, in our opinion, useful member of Western democratic society," says Jankowitsch. When he, who knows the United States well from his time spent in New York, is asked about the new relationship between Austria and the United States, he denies the possibility of a large-scale change in attitude, but he does recognize a more realistic and detailed manner of looking at the situation: "This entire anti-Austrian campaign has of course demonstrated that we cannot automatically count on the Americans' sympathy. Without ever saying so out loud, we have always somehow had the feeling that this is our protective power--that it would always hold us in the palm of its hand. Now we see that this has certain preconditions. I do not foresee any large-scale anti-Americanism... There certainly is a disturbance in the friendly basic relationship; from the standpoint of order of magnitude, it would certainly be more tragic if the United States develops an Anti-Austrian attitude, than the other way around.

It would certainly be an exaggeration to assume that the entire country is becoming oriented toward the East. But the situation nevertheless provides food for thought. The question is: what can we rely on in America?"

The opposition party is not prepared either to pretend that nothing has happened. "Austria is entitled to complain about the Americans," declares Austrian People's Party [OeVP] deputy Andreas Khol; however he cites domestic issues too: "Waldheim is now reaping the harvest of Bruno Kreisky's misdeeds."

Khol is referring particularly to the "would-be Near East intermediary Kreisky" who hypersensitized U.S. diplomacy, which was later partially corrected by two people: U.S. Ambassador Helene von Damm and Federal Chancellor Fred Sinowatz.

[Insert] "I cannot imagine any greater cordiality or kindness than that with which we have been received." (Secretary of Defense Weinberger on his visit to Austria, 21 May 1986.)

Foreign Affairs Minister Lanc too, despite his reputation as the liaison man with the left wing of his party, is said to have tried to improve relations with the United States. "Under Lanc, the Foreign Affairs Ministry has followed a very solid, realistic policy." However, in the final analysis and exacerbated by the Waldheim affair, a certain mood swing in Austria cannot be denied: "The old Reader's Digest mentality--American potatoes are good, Russian ones always bad--no longer exists in Austria. There is a lot of outrage in the population. It is directed against 'foreign countries,' without making any distinctions."

In other words, something has happened; at the same time one must not forget that in Austria certain dislocations have taken place within the political spectrum. We remember the many years during which the OeVP opposition, more or less successfully, but always with great energy, demanded a greater tilt toward the West in Austrian foreign policy; denounced the slightest anti-American deviation on the part of the Young Socialists, Kreisky or the ALLGEMEINE ZEITUNG; and loudly complained about alleged violations of Israeli interests in Near East policy. Now, after foreign attacks on the OeVP's presidential candidate and future Federal President, the loudest complaints against the United States come precisely from the conservative camp.

As Jankowitsch indicated in the quotation cited above, this will have little impact in the United States. However, within elite U.S. political circles the question should arise whether in view of the general crisis in European-U.S. relations such tendencies should perhaps be damped. There are some indications that at least at the government level some efforts are underway to paper these cracks over; but there is evidence also of rather cavalier treatment of European friends--and the Austrians are not the only ones complaining about that. The correspondent of one U.S. newspaper who has been based in Europe for some years and who is thus familiar with conditions on both sides of the Atlantic, analyzes the secret of the present U.S. attitude as follows: not too long ago, especially during the Carter administration, the major political circles in Washington were practically obsessed with the desire to be beloved by the whole world. Today, he continues, there has been a change in attitude and the United States wishes to proceed on its own course without consideration of, and interference by, anyone else in the world.

For Austria the disturbed relationship with the U.S. public constitutes a regrettable fact. Regardless of U.S. media readiness to go along or refusal to do so, efforts must be made to rechannel constructively the differences of opinion between the superpower and the tiny country on the Danube, for which there has been no precedent during the postwar years--to move from hateful recriminations and general distrust to factual discussions. While it is true that the media quickly move on to other stories, it is inconceivable that such matters as the credibility of a chief of state, war crimes and antisemitism would be suppressed if prominent Austrians are to visit the United States. These shadows will fall over the next visit by the Austrian Federal Chancellor. The Austrians would be well advised to learn to do what is normally against their nature: openly and without self-pity to state that problems do exist, and to propose means for dealing with those problems.

The situation is made considerably more difficult by the fact that it is empirically difficult to measures what is going on, since it is mostly happening in the psychological dimension. The numerical drop in U.S. tourism for instance can be much more readily explained as a result of the weakness of the dollar, undifferentiated fear of terrorism and horror stories about radioactivity, than as a result of the Waldheim syndrome. This is proven by the fact that U.S. tourists are avoiding other countries with tourist attractions and not only Austria. Trade continues to flourish.

[Insert] "The Art of Forgetting." [TIME magazine cover story about Austria, 9 June 1986).

The group of Austrian delegates for North American trade, which met in Vienna this week, had no reason for worry that the media war against Austria would have a negative impact on export figures. Said the head of the North American Department in the Federal Chamber of Commerce, Heinz Wimpissinger: "Until now the matter has not damaged us economically." The high level of activity attained in 1985 is therefore likely to continue: with exports totaling 16.5 billion schillings, Austria had operated in the black for the first time in more than 10 years. The feeling in the Ministry of Foreign Affars, where presently the results of the 1983-1986 concentration effort are being evaluated, is that a concentrated deployment of personal and financial resources had shown the desired impact.

A concentration of resources was paramount also in the deliberations of the trade delegates: in future advertising efforts a better distinction will be made between products which should be promoted as part of the overall Austrian provenance propaganda (which will be the case in such matters as tourism of "emotionally charged" gourmet foods) and those where the emphasis must be placed on advertising the product itself. In the case of complicated machinery for instance, this would provide much better sales arguments than a mere touting of their Austrian manufacture.

In the meantime Federal Chancellor Franz Vranitzky is still waiting to see whether there is still a chance for him to visit the United States prior to the National Council elections. He is making obvious efforts to ameliorate the disturbance in U.S.-Austrian relations. No, he says, there is no growing anti-Americanism in Austria; and if the traditional friendly attitude of the Austrians toward the United States has been clouded, this is certainly nothing but a passing phase. On the other hand, the government, its official representatives and in fact all Austrians who have U.S. contacts, must contribute to the refutation of the distorted picture of Austria as an "antisemitic country" by citing the facts of the matter. In his PRESSE interview, Vranitzky declared that "in the heat of the election campaign a certain rhetoric surfaced which is repugnant to me and surely to all other Austrians. As the world's leading industrial nation, the United States is certainly of exceptional importance to us. It is obvious that we must explain our position there at all levels, and that we will make that effort. It will not be enough to make cosmetic corrections. In our subsequent actions, we must prove that as a country and as a people we have nothing to reproach ourselves for." As to when Austria's image in the media would once again return to normal, he said, is difficult to predict. "The length of the healing period depends upon the readiness of their systems to let themselves be convinced by Austrian arguments."

9273/9435
CSO: 3620/745

VRANITZKY'S PROBLEMS, PROSPECTS FOR SUCCESS ANALYZED

Zurich DIE WELTWOCHE in German 19 Jun 86 p 5

[Article by Inge Santner: "The Suicide Mission of Franz Vranitzky/With a New Chancellor and a New Government Team, the SPOe [Austrian Socialist Party] Wants To Avert the Threatening Election Defeat in 1987"]; first paragraph is boxed item.

[Text] Doubts Appropriate--A new Austrian Federal Chancellor, Franz Vranitzky, has been sworn in at the Vienna Hofburg. Both friends and enemies of the 48-year-old Socialist head of government attest to his self-assurance, objectivity, and supreme competence in economic matters. Nevertheless there is reason to doubt that by the time of the next parliamentary elections, 4 April next year, he will manage to solve all the problems that have accumulated in the past few years.

The breakneck Vienna personnel merry-go-round has come to a stop; the change of faces on Ballhausplatz [seat of Fed. Chancellery] has been completed. On Friday the 13th, of all days, Vienna's new Federal Chancellor, Franz Vranitzky, presented a thoroughly revamped SPOe-FPOe [Austrian Liberal Party] government team. Now, "faced with a challenge and in the suspense of joyous expectation," it will begin its work, he announced.

This sounds like the unbridled new approach that befits the image of the successor of Sinowatz. A former banker and former finance minister, Vranitzky--48 years young and appearing at least 5 years younger--pulls up his shirt-sleeves with that certain "watch out, here I come" charm of a fit athlete. He appears to be bursting with untapped energy.

A spectator of this latest Austrian political spectacle at once starts feeling optimistic. Just in time he recalls that this Vranitzky in his young days played 48 times as a forward on the red-white-red national basketball team, a player with a good shot, eager for action, and indefatigable. Might he not perhaps be able, after all, to turn the final period of the Socialist era into a new beginning--at least for the SPOe and perhaps even for Austria?

That would require a veritable miracle. The average kind of luck just won't do, because the accumulated problems are too great, the time of

9 1/2 months until the next parliamentary elections on 4 April 1987 is too short, and the challenges are too disparate.

Unquestionably Franz Vranitzky is an excellent man of the attractive type of modern pragmatists who paradoxically can definitely be trusted to have at their disposal not only greater prudence but more principles than narrow minded ideologues. Both friends and enemies attest to his self-assurance, agreeable objectivity, and supreme competence in economic matters. Yet his chances of succeeding appear to be minimal. His appointment bears all the traits of a suicide mission.

The "pinstripe chancellor,"--so called because of his predilection for conservative sartorial elegance--is confronted with an Austrian political landscape in complete turmoil. Even trained connoisseurs of the Danube republic think they suddenly are on an unknown planet. The triumph of OeVP [Austrian People's Party] candidate Kurt Waldheim in the presidential elections of 8 June, they think, jeopardizes all past certainties. For 16 years the Socialists have clearly been number 1 in the country. Likewise for 16 years, the people's parties in opposition on the right have tried in increasing frustration for modest territorial gains. The population resembled a concrete colossus. Ministers came and went, Bruno Kreisky's star fascinated and waned, scandals galore shook the republic--but little changed in parliamentary elections. Invariably a costly struggle revolved around some ten thousand undecided voters. A priori 80 to 85 percent of Austrian voters vote consistently for the two major parties.

In the past few months, however, there has been some movement in the rigid fronts. The mudslinging for and against Waldheim--certainly the most distasteful election campaign since 1945--has damaged the traditional structures. Was it due to the new Green, to the old Brown [Nazi] emotions? To the disastrous news from the state economy? To the SPOe functionaries grown fat and lazy, who display agility only when their
Or, purely and simply, to the notoriously boring Sinowatz, who just does not and would not comprehend that Austrian domestic politics require a sizable measure of stage effects? Whatever the cause, the electorate today is in a surprising pell-mell and manifestly wants a different kind of politics. The previously so rare undecided voters--to be more precise, voters who may be prepared to switch--already constitute 40 percent of the electorate.

Tactics or Bluff

An election at this moment would reverse the result of the last parliamentary election, in 1983. The OeVP would now be the party with the most votes. The Socialists would find themselves pushed back to second place. The previous "third power" in the form of the FPOe would be reduced to such a pitiful state that no one would dare to form a coalition with it. On the other hand, the various Green organizations which did not manage to get any seats 3 years ago might obtain more than 10 percent of the vote, and a few more seats in parliament. Considering everything, almost certainly a "grand coalition" would be formed by the OeVP and SPOe, headed by a Black [OeVP] federal chancellor.

In light of this current scenario, it immediately becomes apparent what the Socialists had in mind when they changed horses on Ballhausplatz. Vranitzky is to spare them the threatening election defeat in 1987 and a consequent conservative turn of events. His most important and basically sole task--whether through clever strategy or by sheer bluff--is to make possible a relative Socialist majority in order that the future Federal chancellor too may be a Red [SPOe] party member and staunchly defend the Red positions of power. Anything else appears to be of no more than secondary importance to the demoralized and depressed comrades.

A primitive task, in other words? In theory, to be sure. In everyday affairs, however, it might very quickly lead to a hardly believable simultaneous dance on several ropes.

Vranitzky is being asked no less than to steer a government course which, on the one hand, causes the habitual Socialist voters who are trying to get away to observe discipline and, on the other hand, satisfies both the liberal "Kreisky voters" and the intellectuals overtaking on the left. In addition,certain fringes of the OeVP are to be persuaded that they do not really need to vote Black in the first place, because right-wing SPOe man Vranitzky is conducting the better economic policy anyway--that is, he is preempting the desired conservative turn of events within the Socialist Party.

There are several, not to say a whole batch of, aggravating circumstances.

First, there is the not exactly optimal composition of the Vranitzky team, which bears a fatal resemblance to last reserves. The fact that the head of government for his part talks of a "dream cabinet" (what else should he do?) cannot cover up the weak points. The last resuffle is already the fifth since 1983. Of the first ministers team which Sinowatz summoned upon Kreisky's departure, only five ministers remain. Most of the remainder left under a cloud without having come up with any acceptable political successors. So the cadres from among which Vranitzky had to pick his team proved to be correspondingly thin. The result: A finance minister, Ferdinand Lacina, who admits he is tired of office; an agriculture minister, Erich Schmidt, who has no idea of agriculture; a politically inexperienced minister for nationalized industry, Rudolf Streicher, who was appointed manager of the Steyr Works only a couple of months ago and has left a painful gap there; and, on top of it, a foreign minister, Peter Jankowitsch, who was among those who initiated the campaign against Waldheim and thus is likely to be in a permanent clinch with the man who, it happens, has become president.

Secondly, there is the dramatically brief period of almost exactly 9 1/2 months, and no more. Known as someone who works deliberately, Vranitzky finds himself forced to race against time. His fate depends on the question as to whether he will really manage to make credible at record speed a) himself and b) his concepts of his office.

Giant Indebtedness

Thirdly, there is the shaky, internally totally split coalition partner, the PFOe, tied to the superpower SPOe, feels it is being cheated of the hoped-for opportunities of creating an image for itself. It might very well happen that Vranitzky wakes up one morning and cannot find the FPOe deputy chancellor, Norbert Steger, because an aversion against the Red marriage partner is growing not only among the liberal politicians but also among the liberal infantry. A solid 65.4 percent of FPOe supporters on 8 June voted for OeVP presidential candidate Kurt Waldheim, while a mere 21.5 percent, in line with the coalition, voted for the Socialist Kurt Steyrer.

And fourthly--last but not least--there is a difficult Austrian economic situation. The sins of omission of an entire decade are literally falling on the head of the newcomer Vranitzky.

Cheating is not permitted any longer. Nothing is to be gained any longer by stalling promises and ever new white rabbits being pulled out of the top hat of the supreme state magician. The rightly suspicious Austrians are tired of believing any kind of faith healers, of applauding any kind of seeming solutions, of accepting any kind of appeasing gifts which, experience has shown, are followed fairly soon by a bill. They are asking a kind of oath of disclosure from their head of government about what he thinks of the many pending vital problems of the country:

--Is Vranitzky sincerely attempting to reform the budget, which as a result of the huge borrowing of the socialist era is burdened to the very limit? As late as 10 years ago, the average debt per Austrian household amounted to not even 5,000 Swiss francs, whereas in 1986 it is 27,000 francs. Total indebtedness has reached the sum of 63 billion francs, and new indebtedness in the current budget year (with Vranitzky as finance minister in charge) amounts to a horrendous 8.2 billion, or 4.7 percent of the GNP. (For comparison, that of the Federal Republic is no more than 1.3 percent.)

--Will Vranitzky capitulate to the labor union lobbies by agreeing to a lowering of the wage tax, adding another 2 billion francs to the budget?

--Will Vranitzky be able to lead the sickly state-owned enterprises, from VOeST [United Austrian Iron and Steel Works] on down, out their deficit without causing a parallel bloodbath among the workers employed by them?

In the administrative area of VOeST alone, 3,500 to 4,000 jobs are wobbling.

--And, further, what ideas does Vranitzky have to save, just before a big crash, the no longer affordable welfare state which the SPOe regards as its principal achievement?

Support by the Adversary

Questions and more questions--there is no lack of them, particularly because an especially unfavorable wind has been blowing from abroad since the Waldheim election, tourism now is reaching record figures on the Mediterranean rather than in the Alps, and export orders are receding alarmingly.

It is no surprise to anyone that, according to an ad hoc poll by the Gallup Institute, most voters do not exactly expect a sensational upswing from the government. Of those questioned, 71 percent said laconically that there would be virtually no change at all ("issues cannot be resolved through changes in personnel"). The remaining 29 percent are divided exactly into optimists and pessimists--half predicting a more favorable, half a more negative trend in the labor market.

Yet Vranitzky perhaps will not have to do entirely without some substantial allies. Of all things, he may be hopeful of support from a quarter where, according to customary democratic rules, it can be expected least--the opposing People's Party.

So far the return of the triumphant opposition on the right to the voters' favor definitely has been due more to the Red low than to its own high. Its supporters continue to be looking in vain for substantive alternatives to the government's policies. Even the now again fashionable support of performance and oldfashioned morality is causing incomprehensible difficult difficulties to the OeVP leadership.

Until the Black fighters around Alois Mock pull themselves together at long last and base their claim to leadership on some ideas, the miracle of another SPOe victory remains at least vaguely imaginable. In that case, you see, Vranitzky, who makes a decidedly bourgeois impression and also puts forth bourgeois arguments, might recommend himself to the disgruntled conservatives as the better OeVP chancellor.

8790/9190
CSO: 3620/737

FOREIGN MINISTER: SDP MISCALCULATED IN LINKING WITH SF PARTY

Copenhagen AKTUELT in Danish 10 Jun 86 pp 10-11

[Article by Foreign Minister Uffe Ellemann-Jensen: "Under the Yoke of the Footnotes"; first two paragraphs are AKTUELT introduction]

[Text] Is it the government or the Social Democratic Party which is oppressed under the yoke of the footnotes, the foreign minister asks?

The minister thinks that the Social Democratic Party began its resolution policy in order to tease the government, but now it is about to lock itself firmly into a coalition with the SF [Socialist People's Party], which is pursuing different security policy goals than the Social Democratic Party.

After a Folketing session with a great number of security policy resolutions which have resulted in a number of Danish footnotes to NATO statements, it can be reasonable to sit down and think over where the demonstration policy is leading us in foreign and security policy.

Earlier it was the case that the Social Democratic Party in the government emphasized Danish viewpoints within the alliance. I am thinking of Haekkerup's policy for the European Security Conference at the beginning of the 70's, of K.B. Andersen's policy toward South Africa in the middle of the 70's, and Kjeld Olesen's proposal regarding deferment of the two-track resolution regarding INF deployment at the end of the 70's. But when the Social Democratic Party came into the opposition at the beginning of the 80's, Danish isolation with the resolution policy began.

I remember a conversation I had with a foreign minister from a country in the Third World who wanted to hear about Denmark's INF policy. I explained the Danish opposition, and he asked:

[Question] Where will the weapons come from?

[Answer] The USA.

[Question] And where will they be deployed?

[Answer] England, West Germany, Italy, Holland and Belgium.

[Question] Then there will be none for Denmark?

[Answer] No.

[Question] But then you are also against weapons' being transferred from one of your allies to another of your allies?

[Answer] Yes.

[Comment] This I indeed call prestige!

The story is not only true, but also good for demonstrating the outside world's problems with understanding our policy.

Whether we should have had these INF weapons or not I will let rest in this connection. I will just draw attention to the fact that the Soviet Union now, when the weapons are present in West Europe, is apparently ready to scrap its weapons if NATO scraps its own.

When the USA proposed a zero solution before the deployment at the Geneva talks, there were no concessions by the Soviet side.

The same way with the American plans for a space defense program (SDI), which became the next stage of the Social Democratic footnote "strategy."

Actually the USA has none of these weapons, and will get them at the turn of the century at the earliest. Some American researchers think that they will never become a reality.

But just the American plans forced the Soviet Union back to the negotiation table in Geneva, where they are now asserting that they would agree to a mutual reduction of 50 percent of strategic weapons. Previously there could be a question just of considering promises when the Americans proposed reductions.

Or in the question regarding a stop to nuclear testing, where we in Denmark agreed about the desirable aspect of a general stop to nuclear testing:

Here it is no use to do just as the Social Democratic Party is, which is directing every criticism against the USA because it has planned its test series to the spring of 1986, while the Soviet Union concluded its series in the summer of 1985 and after this declared a unilateral halt.

No superpower lets itself be pressured in this way! And they are well aware of this in the Kremlin.

But there is always readiness to reap a cheap propaganda gain.

The same with chemical weapons.

All parties in Denmark advocate the abolition of chemical weapons. But now it is just the case that the Soviet Union is continuing to produce new weapons while the West has refrained from doing this for many years.

Should we, then, when the USA wants to begin again and when we ourselves have said no to having such weapons deployed, protest unilaterally to the USA?

This was what the left-wing parties wanted, while we in reality together with Holland and Norway in NATO could point out our opposition to the weapons and our scruples concerning new production.

Or the Social Democratic initiative concerning a nuclear-weapons-free zone in northern Europe.

Now when Denmark, Sweden, Norway and Finland do not have nuclear weapons in peace time--whereas the Soviet Union has many. When Denmark and Norway themselves can decide whether they want to receive the weapons in a time of crisis or war. Why, then, turn against our alliance's strategy, which certainly involves the possibility of a defense with nuclear weapons, since the Warsaw Pact has immense superiority in the conventional area?

The Social Democrats, who say that they want peace and detente in Europe, are in this way only creating distrust and new tension.

The nuclear reactor accident at Chernobyl in the Soviet Union certainly showed us that in reality nothing has changed in the Soviet Union!

The new leadership with Gorbachev at its head talks about the new open style, but when the accident occurred, and there really was need for openness, their own people were not informed, nothing was told to the socialist "fraternal" countries, which had to receive reports from the West, and the rest of the world was not informed!

I do not think that here it is a question of ill will on the part of the Soviet Union, but it is a question of the traditional Soviet closed attitude toward the outside world and indifference to the individual.

Chernobyl does not mean that we are not to negotiate and make agreements with the Soviet Union. But we must always be aware ourselves that a new style with a better functioning Soviet propaganda machine is not equivalent to a new political system.

It is for this reason that the resolution and footnote policy is a yoke!

We are certainly in a coalition with friends in the North, in West Europe with The Twelve, and in NATO, where we are trying to strike a line for the creation of confidence, detente and arms reduction.

But when we constantly place ourselves outside and dissociate ourselves--make footnotes--then of course we are losing influence in our own circle.

And at the same time our detente policy loses credibility in East Europe, for it certainly is not the same as any Western position.

Moscow is hardly especially interested in assurances that Denmark with a "nonoffensive" defense system will not attack the Soviet Union. But, on the other hand, certainly in using Denmark for creating a split in NATO!

We have just had the alternative to the resolution, footnote and demonstration policy demonstrated in the best way at the NATO foreign ministers conference in Halifax.

Some newspapers talked about the crisis in NATO and difficulties in East-West relations. But in reality a healthy and open dialogue took place between West Europe and the USA regarding our policy toward the Soviet Union.

For the world situation certainly can appear different from Washington to Bonn, not to mention from Los Angeles to Copenhagen. But this is precisely why we have our meetings in the alliance.

It is splendid to be able to speak out about real problems without our necessarily having to demonstrate in pronouncements abroad that we do not agree in every respect regarding the tactics we must choose in order to achieve the goal we agree on: to ensure peace and create detente and, possibly, disarmament.

And it is this question which really worries me.

The Social Democratic Party, which began its resolution policy in order to tease the government, is now about to lock itself firmly into a coalition with the Socialist People's Party, which is pursuing quite different security policy goals than the Social Democratic Party.

Gert Petersen has, indeed, often both said and written that he is an opponent of EC and NATO, that he considers the USA a greater threat than the Soviet Union, and that he wants to go ahead with a neutralist policy.

This is of course Gert Petersen's business, and I do not want to meddle. He is allowed to hold this opinion. But this was not the Social Democratic Party's policy previously, and it is still not the Social Democratic voters' policy.

But the problem could have been lived with if it had just led the Social Democratic Party to wandering in the wilderness. But it is more serious when it results in general lack of credibility regarding Denmark's foreign policy.

Here we ought all to stand together, regardless of a lack of consensus on how and when we are to present our views.

The tragic reality is that the Social Democratic Party has come under the yoke of its own footnotes!

Let us hope for the country's sake that they soon will be able to move away from the yoke again.

8831
CSO: 3613/159

SOFRES REPORTS CHIRAC LOSS, MITTERRAND GAIN

Paris LIBERATION in French 19 Jun 86 p 2

[Article by Eric Dupin: "Polls: Chirac Falls, Mitterrand Gains"]

[Text] Jacques Chirac and his government work decline in the polls while François Mitterrand recovers a semblance of state of grace. Three months after the "alternance" [March 1986 election], two polls, BVA and SOFRES [French Opinion Polling Company], report a spectacular phenomenon of communicating vessels. The chief of state is reaping the advantage of his situation as president-arbitrator, whereas the prime minister is beginning to suffer from the lack of popularity of the governmental action.

Chirac is experiencing an impressive decline in popularity according to the BVA-PARIS MATCH barometer (858 persons interviewed between 30 May and 5 June). In one month, his "favorable opinions" receded from 52 to 49 percent. But the "unfavorable opinions" climbed from 34 to 45 percent. A development of exceptional scope. It is a known fact that the prime minister had been little affected by the declines revealed during the previous polls, knowing that he continued to hold the full trust of the right electorate. To be sure, an ebb in the popularity of those who govern is usually noted during post-election periods insofar as the sympathisers of the opposition gradually rejoin their original camp after a period of trouble. This movement continues since, over the last month, dissatisfaction with Chirac has gained 12 points among left voters. But hostility toward the prime minister among right voters went from 13 to 20 percent. Above all, Chirac lost much ground among those who did not vote on 16 March. In that category, which represents part of the undecided voters, unfavorable opinions of him increased by 13 points and now equate favorable ones.

A large number of Frenchmen (63 percent) now recognize that it is Chirac who "is actually running France." And they judge his performances severely. Only 37 percent of those polled declared being "satisfied with the way France is being governed" (minus 2 points), whereas 60 percent claim to be "dissatisfied" (plus 13 points!) From this context, the "alternance" did not much affect the grumbling which our countrymen have been voicing for several years. It has been observed that the governmental action has raised serious reservations among the right electorate. We can overlook the 81 percent National Front voters who show their dissatisfaction, but not the 40 percent UDF [French Democratic Union] and RPR [Rally for the Republic] voters, as compared to 57 percent satisfied, who share this dissatisfaction.

The SOFRES-NOUVEL OBSERVATEUR poll (1,000 people interviewed between 6 and 10 June) makes it possible to pinpoint the reasons for their dissatisfaction. First, it confirms that Chirac got off to a bad start. His government is assessed to be "positive" by only 26 percent Frenchmen, 48 percent judge it to be "negative" and 26 percent declare having no opinion.

High Price For Symbolic Acts

Measures with a liberal connotation are poorly received by public opinion. According to this survey, 72 percent Frenchmen disapprove the suppression of the tax on large fortunes. Likewise, 62 percent condemn the suppression of administrative authority over layoffs; 60 percent the privatization of TF 1; and 58 percent the suppression of price controls. The new power is paying a high price for its symbolic act of liberalism. The more so as Frenchmen equate this policy with choices favoring the privileged classes. It is the opinion of 53 percent of those interviewed! Only 2 percent of them think that the government measures benefit primarily the underpivileged classes and 35 percent who believe that they benefit the French people as a whole. Chirac's policy is perceived as a class policy.

It is only on the security themes that it receives the approval of the majority. For 50 percent Frenchmen, against 10 percent, security projects will have a "positive effect." The control of identification papers (74 percent) as well as the adoption of sanctions which cannot be reduced (67 percent) are approved by a large majority.

It remains that these judgments are not sufficient to cover the lack of understanding encountered by the economic and social policy of the government. Chirac never really experienced a true state of post-electoral grace, public opinion's skepticism being what it is. The swiftness with which his capital of trust eroded is that much more spectacular. Not only have the first 100 days not reestablished the "trust," but the first measures set down have provoked defiance. Although France voted right on 16 March, it appreciates very little the acceleration of the "liberal" process chosen over these past few weeks.

François Mitterrand: Two Out of Three Frenchmen

François Mitterrand is reaping by ricochet the benefits of this public reaction. According to BVA, today, almost two out of three Frenchmen have a favorable opinion of him "as president of the republic." With 61 percent positive opinions, the chief of state has even regained the level that was his in June 1981, at the beginning of the "state of grace." Seven points were gained in one month, whereas "unfavorable opinions" remain stable at 35 percent.

Mitterrand benefits from the favors of a notable minority of right voters (38 percent) and he attracts in particular those who did not vote on 16 March (62 percent favorable opinions). Cohabitation enables the president of the republic to escape the responsibility of conducting the country's affairs. It is obviously easier for a president-arbitrator to be popular than for a chief of state directly involved in management.

This profusion of polls confirms that Mitterrand is now clearly more popular than Chirac. Cohabitation thus produces an interesting contradiction. The two leading presidential hopefuls of the left (Mitterrand and Rocard) enjoy an adventageous personal rating while the ratio of strictly electoral forces remains favorable to the right. Opinion has not yet shifted since its 16 March verdict. Its current reactions, however, illustrate the fragility of the Chirac policy.

6857
CSO: 3519/198

PCF CAUTIOUS BEFORE EARLY ELECTIONS

Paris LIBERATION in French 19 Jun 86 p 5

[Article by Michel Samson: "Georges Marchais' Four Dodges"]

[Text] "Between us... the communists who disagree with the policy of the 25th congress number more than 3,000..." By making this joke, Guy Hermier, who yesterday was commenting on the work of the PCF [French Communist Party] Central Committee, was in fact stating a primary truth. It explains Georges Marchais' four dodges in the course of this meeting.

As a matter of fact, the secretary general spoke on the problem of the dispute in answer to Pierre Juquin who had drawn up the catalogue of accusations lodged against him and his friends. He did it, however, against all expectations, to ward off the anti-Juquin offensive that Pierre Zarka, former JC [Communist Youth] official, and Jean Paul Magnon, from the Rhone region, had planned to launch after the dissident's speech.

Georges Marchais, who had made a point of specifying that he was speaking "without having consulted the Political Bureau," first recalled that the congress had chosen to elect four abstentionists to the CC [Central Committee] and that there was no question of reversing this choice. Which at least gives plenty of reprieve to the renovation of the CC. He then declared being in agreement with the articles of the statutes which specify that conferences can be held "annually" by the sections. When leaving the CC, which had followed the legislatives, the dissidents had feared that this would be impossible to achieve. Henceforward, they will be able, if they have activist forces, to count on this declaration to demand them.

Going on to the problem of the Meurthe et Moselle, the leadership of which had refused to ratify the election of the new secretary general, Georges Marchais exclaimed: "It is up to the communists of that region to settle their problem!" The door which Claude Billiard, a pretty inadequate normaliser of the Lorraine region, had shut is once again ajar. Finally, last but not least [in English in text], instead of once again condemning Pierre Juquin for his participation in the meeting of the "European left" in Saint Fons, he declared: "We did not attend because we were not invited;" followed by the assertion that the PCF "remained available" for such meetings.

Having presented these four arguments, the secretary general turned to the central committee and invited it to return to the agenda, namely, the discussion about intellectuals begun the day before. It was done.

To begin with, this caution retreat on the part of Georges Marchais is explained by the unexpected spreading of the dissent: As a matter of fact, all the departments are affected (see LIBERATION dated 14 June 1986), and all the attempts at normalization have failed.

This deteriorating situation is the more serious for the communist leadership as it fears above all else an early presidential election. The PC hierarchy has yet to find its ideal candidate and it fears the strength of the unifying feeling of the left electorate should the situation become more dramatic through the hasty advancement of the dateline. It would be very unseemly for them to enter this bitter battle with a divided party whose image of intolerance would have been reinforced by direct or undirect exclusions.

The dissidents were rejoicing yesterday over this session of the central committee. Yet, their situation remains dangerous: By refusing to take disciplinary action, the leadership forces them to define their political proposals more accurately. And they often feel more awkward in this area. "I appreciated Guy Hermier's very interesting report;" once these introductory words said, Pierre Juquin went on to other things. He declared being in agreement with the overall analysis of the director of REVOLUTION and the proposals which stemmed from it, as well as with the meetings between "Marxists and non-Marxists on problems of culture."

The former spokesman of the PCF announced that he would make a series of speeches "on basic principles" during the last sessions. That could be the moment the leadership has been waiting for.

6857
CSO: 3519/198

GREEK JOURNALIST INTERVIEWS FRNC'S DENKTAS

Athens ENA in Greek 29 May 86 pp 14-19

[Interview by Maria Resan with Rauf Denktas, Chairman of the Federated Republic of Northern Cyprus]

> [Text] I think the most significant aspect of this journalistic mission to occupied Cyprus is that the exclusive interview with Rauf Denktas, which appears in ENA today, was prepared and took place exclusively... journalistically; I mean that from the moment of conception until the last detail of the operation, we did not ask for help, nor did we inform the Cypriot or Greek leadership.
>
> We did not go through diplomatic channels nor did we use any foreign embassy or the services of any diplomat. No. In spite of "Attila" and the watertight dividing line, we searched for Turk Cypriots and Greek Cypriots who talk to each other. Apparently there are such people. They may not be well known, but they are useful (is it not so, doctor?), and for journalists, they are precious. We thank both of these Cypriots (one a Christian, the other a Moslem) for helping us to carry out our task. We wish them well for the sake of their Cyprus.

The telex from the occupied section of Nicosia was clear: "...a man from our office will wait for you this Friday at 10:00 a.m. at the Turkish checkpoint at the Lidra Palace [Hotel]." At 10 sharp we walked toward the checkpoint.

Lakis Mikhalas (a member of the Board of Directors of the Grammi Corp.); the young photographer Andronicos Khatzikostis (who stooped under the weight of his special photographic panoply), and I with the perennial taperecorder hanging from my shoulder.

Nevertheless, in spite of the telex and the assurances from both sides ("everything is OK"), we could not be sure. "If they let us go through, fine. Otherwise..." (Forgive me, doctor, but journalists are not easily convinced unless they see with their own eyes.)

They let us go through with a hearty welcome--in the Greek language, too. The night before we had decided with Lakis Mikhalas that if they tried to stamp our passports with some kind of seal of the pseudostate, we would not just turn around and leave empty handed. "No, we were not going to be the first to recognize them...!

So, when Mustafa Kortyn, the 35-year old journalist from the Denktas Press Office, asked us for our passports--always in Greek, and with great politeness--"if you please"--we looked at each other for a second. But before we could say a word, Mustafa said with a smile, "No" (as though he wanted to say, "No, not for what you think"), "just to check that you are indeed the persons we are expecting."

We gave a sigh of relief. We exchanged more friendly greetings with the men at the checkpoint. All in Greek. Ali tells us in Greek that he was born in the south "and of course now he is a refugee in the north." Mehmed, too, who is from another village nearby...

But we are now well within the Turkish sector. And we have left behind us the Greek Cypriot part of Nicosia which is thriving with its economic miracle; and the no-man's land where the silent men of the UN, in their blue berets, reign.

We were able to overcome the shock of seeing the first Turkish flag ("what is the other one in red and white," the photographer Andronikos whispers to me? "Hold it. It's the flag of the pseudostate. Mind your business...")

Mustafa tirelessly explains everything. He tells us the streets are empty because of the Ramadan. (The Moslems eat before sunrise, during the Ramadan, and after sunset. They spend the rest of the day mostly praying.) He points at the apartment buildings under construction and explains, "they are for workers." He points at a Pierre Cardin boutique. They also have discotheques near the solders' camps, and everywhere we see helmeted soldiers walking in pairs (stiff necked, not casting a single glance right or left).

But here, too, as in the "other" Nicosia, the fragrant bushes embrace the bougainvilleas in the light breeze. Here too, worried people talk about the latest news on radioactivity "the wind may bring from Chernobil."

"What would you like to see after you finish with the interview," we are asked by Mustafa Kortyn as we reach the house of Rauf Denktas.

"Kyrenia, Mustafa, Kyrenia." And patting him on the back I add, "I want to see what you have done to beautiful Kyrenia! And you know something, Mustafa? If you harmed Kyrenia, just don't say anything when we are there. OK?" Later, in Kyrenia Mustafa did not say anything. The little harbor--

a jewel of Cyprus--is not destroyed. It is simply dead. The only thing Mustafa said at one point was: "Imagine, it is a miracle that after all that has happened you and I met here today!"

I, at least, was not meeting Rauf Denktas for the first time. I had visited him before, a few years back, in February 1973. At that time I represented the French news magazine LE POINT (where I worked during the dictatorship, while I lived in Paris). I remember him as a corpulent man and an intelligent conversationalist. He has not changed. Neither does he show his 62 years or the unquestionable pain he must feel for the death of his 35-year old sone, whom, we are told, he loved very much.

He received us in his office at his presidential home--as Mustafa told us time and again--a handsome, old, renovated British building of neo-Colonial style, now decked out with carpets and curtains from the Orient. In the anteroom, his aides (a female secretary and apparently the director of his office) were so flawlessly dressed that I could not help thinking that they wore their Sunday best because of the foreign visitors.

Coffee? Orange juice? Rauf Denktas beautifully plays the role of the host. He talks with familiarity with the photographer ("How do you like us to sit?," he asks in Greek, "what make is your camera, what kind of flash do you use?") He shows keen interest in what Lakis Mikhalas tells him as he presents an issue of ENA ("Nice magazine, good paper, beautiful printing"), he says as he leafs through. He stops at my column:

"Why do you call your column 'Without a Program'? Why this title," he asks. (I still do not know whether he was aware of the story behind this title.)

"It's a long story, Mr Denktas...but today I came with a program." He laughed and let it pass.

But with this first exchange I, too, had surpassed a tough problem that bothered me until that moment: I had no intention of addressing Rauf Denktas as "Mr President," despite the telex announcing that "His Excellency, President Rauf Denktas will be happy to receive you," etc.' despite the kindly Mustafa Kortyn who never missed a chance, since we arrived, to refer to "our president." No, not once in the 1-hour interview did I address him other than as Mr Denktas. Denktas never showed if it bothered him.

The Interview

[Question] Mr. Denktas, when we first asked for this interview, we were asked what the subject would be. We replied with a phase attributed to Elevtherios Venizelos: "Two people (he was referring to the Greeks and Turks) are condemned to live together." So, I came today to ask you how you think the Turkish Cypriots can live together with the Greek Cypriots.

[Answer] We gave a lot of thought and we explored it exhaustively before we signed the London and Zurich agreements. We believed then that we had found a solution: cooperation within a state where Turkish and Greek Cypriots could live together, as they had lived for centuries. A state which would respect the interests of the other side and would cooperate for a democratic state. It was a good compromise agreement; it did not give the Greek Cypriots what they wanted, i.e., union with Greece; neither did it give the Turkish Cypriots what they wanted, i.e., union with Turkey. It did not bring partition which others would have found satisfactory. I believe if Makarios wanted to go ahead with this cooperation we would not have any problems today. But, unfortunately, Makarios had other plans...

[Question] I would say let us leave the dead with the dead...

[Answer] Makarios had secret plans, but unfortunately, the Greek government had its own plans, too and it tried to destroy this cooperation--until the junta came along and tried to close the circle. And then, to save ourselves, we asked Turkey to help us. This "line" you see in Cyprus is the line where we stopped Greece which wanted to take over the entire island.

[Question] This, of course, is your view.

[Answer] Of course. The Greek Cypriots say different things. They say the Turks came in as invaders. But, if I am not mistaken, you came here to hear my side. And I hope you will publish my views without chopping them up.

[Question] No, Mr Denktas, we will not chop them up, but I came here, as you said, mainly to hear what you think can be done from now on.

[Answer] As you said, our destiny is to live together on this small island called Cyprus. We are ready to do this, but this time side by side.

[Question] Explain what you mean by side by side.

[Answer] We discussed it with Archbishop Makarios in 1977. He agreed that the past does not allow another solution. And, therefore, a bi-zonal federal system would be acceptable. We worked on this system in the last several months until we discovered the Greek Cypriots did not want it. They believe they have the right to govern Cyprus and to just give some rights to the Turkish Cypriots. They think in this way they can solve the problem, but it cannot be solved. The UN secretary general continues to search for a federal solution. I think the Greek side should help him find it.

[Question] Mr Denktas, Mr Quellar has at least achieved one thing: for the first time he united all Greek sides, all Greek parties, against his proposal. Let us leave out the details. Do you really think there can be a single--I repeat--a single Greek Cypriot who will accept this federal system you mentioned, whereby you, Rauf Denktas, will be able to..."veto"" even the hiring of a civil servant in Limassol?

[Answer] The answer then is that the Greek Cypriots do not believe in a federal system. In Yugoslavia how come they have big and small republics united under a federal system, with the decisions reached unanimously? Now, if the Greek Cypriots don't like the idea that the Turkish Cypriots can have a say in federal affairs...

[Question] That isn't the point, Mr Denktas.

[Answer] That's exactly the point.

[Question] But you want in advance to have a veto on everything...

[Answer] Who said that? Did we write down the articles of a constitution? We just expressed some principles, some thoughts about such a potential constitution. We can very well sit down and work out the details. We do not want to have a veto on everything, as you say, that refers to the Greek Cypriots in the south. And we hope they will not want to have a say on details which concern only the Turkish Cypriots in the north. All these can be discussed and agreed upon when we begin to discuss the constitution. But the question is whether the Greek Cypriots are inclined to move on to form a Republic of Cyprus--which does not mean a Greek Cypriot republic but a republic of the two communities.

[Question] Mr Denktas, I would not want to get you angry...

[Answer] I never get angry, especially when I talk with a lady...

[Question] Well, I would like to ask you: Do you agree that the best constitution, the best agreement, eventually comes to grips with logic and majority? If you agree, how can you say that 18 percent of the population you represent can impose their views on the remaining majority? Is this democratic?

[Answer] I will respond to you with what Mr Averof said in 1960 at the closing of the London conference. He said what is happening in Cyprus is the making of a modern democracy where the will of the majority is honored but so is the will of the minority. Averoff added at that time: "The compromise we reached on Cyprus is a good compromise." It's another matter that later, speaking to the Greek parliament, he said the road to enosis [union] may be better through the Cypriot Republic than through the colonial regime. But the issue here is not 18 percent (which is not 18 but 25 percent anyway). The question is: We are two peoples, is it not so? Don't we have different aims? Yes. Didn't we fight for those aims? Yes. Don't we have a bitter past behind us? Yes. Do we want to live together in the future? Yes. Then we must reach a compromise.

If a federal system is acceptable then the problem of majority and minority disappears. In a federal system there are no majorities and minorities. On this island we have two peoples who were divided by political differences. They must be united again.

[Question] In listening to you I am thinking that all the Greek Cypriot leaders I have met (and I have not met them all) give always the impression that they are first Cypriots and then Greeks...I wonder, Mr Denktas, if you are sincere when you speak of Turkish Cypriots. Do you personally feel as a Turkish Cypriot first and then as a Turk?

[Answer] First of all, if what you say about the Greek Cypriots is true... then it is a pity that in 1974 you attacked us as Cypriots with the aim of achieving union with Greece. But, of course, you can believe whatever you wish. But when all Greek Cypriots speak of the Greekness of Cyprus how can the Turkish Cypriots be convinced they are first of all Cypriots?

[Question] You did not answer me. You were born here in Paphos, you...

[Answer] I will answer. Cyprus is a geographic entity. In Cyprus one can be Turkish Cypriot, Greek Cypriot, Armenian, or a Maronite.

[Question] Let us look at it this way. You were born and raised here. Aren't you sorry for this division?

[Answer] Of course I'm sorry. I am very sad. But when I think that this dividing line has saved us from mass graves (because those mass graves do exist, look around to find the truth, you have a duty to find the truth), then I say thank God for the dividing line. We did not want this division, believe me...

[Question] Mr Denktas, you, too, should believe me that it is very difficult for me to say what I am about to say. But I will. A few months ago you lost a son. As I hear, this young man had spoken out in strong terms before his death at a banquet of Turks and Greeks in Nicosia. He said, "we cannot go on like this, the new generation must do something to change things in Cyprus." Did not this, said by your son, affect you?

[Answer] I say the same thing. That something must be done. My boy had fought, had done his duty, had been discharged and was thirsty for peace. And he had the courage to tell Mr Kyprianou when they met: "I fought against you, but I do not want my children to fight. Let us find a solution." This is exactly what I, too, say. And I repeat it. The division is not a good thing. There should be no dividing line. But the Greek Cypriots do not accept us as equals. They count our numbers. "You are so many," they say.

[Question] But we cannot overlook the numbers...Nor the fact that there are 600,000 Greek Cypriots.

[Answer] Certainly. But you, too, must understand that for the last 12 years...

[Question] Understand what, Mr Denktas? Why cannot you try to understand, too, that for the last 12 years this island has been under an invader regime?

[Answer] And I ask you. What will happen if the Turkish Army leaves? Who will take its place? These are questions and we must find answers.

[Question] Anyway, when do you see withdrawal of the Turkish Army?

[Answer] The Quellar plan covers that.

[Question] Mr Denktas, are you a free man?

[Answer] In what sense?

[Question] In the sense that you are considered to be "your master's voice." That you are Evren's pawn.

[Answer] That is nice! Mr Kyrianou goes to Athens every other day--and he does not regard himself as Mr Papandreou's pawn, but a free defender of Cyprus! And Denktas, who stays here, in a pluralist system, is the voice of Turkey! That's a very unfair opinion.

[Question] Certainly you deny it, but you have the reputation of hating everything Greek.

[Answer] Although you decided I would deny it, you have a duty to hear me out. My father was a judge. He had very good relations with the Greek Cypriots, he had many Greek Cypriot friends. We visited them in their homes. They visited us. There was no trace of hate. No trace! Do you hear me? And today I feel no hate, but I am distrustful.

[Question] Don't you think the [Greek Cypriots] have a right to be distrustful, too?

[Answer] What did we do to them for them to be distrustful?

[Question] Just an invasion and an occupation...

[Answer] But this means I failed to convince you that in 1974 we were trying to defend ourselves.

[Question] Mr Denktas, you must admit you were wrong when 13 years ago--when we talked--you argued that Makarios had Enosis in mind.

[Answer] I still believe it. And I also believe this is the innermost desire of the Greek side.

[Question] Let me assure you that there is not a single Greek among the nine million Greeks who believes today in--or who wants--Enosis. Anyway, let's go onto something else. I am sure--I am--that you must find ways, every now and then, to go to the Greek Cypriot section of the island...

[Answer] No, I do not go. But I have information...

[Question] So be it. You know then that on the Greek Cypriot there is something going on just short of an economic miracle.

[Answer] Of course, with all the help they receive from Greece, and since they stopped paying the Turkish Cypriots after 1963...

[Question] Now, now, Mr Denktas, you are a very intelligent man. Don't tell me now that you believe this economic miracle is due to Greek aid?

[Answer] No. I don't say that exactly. The Greek Cypriots are very industrious, intelligent people, good workers...

[Question] And yet, you prefer to live separately, isolated, in the north?

[Answer] It's not our choice. We agreed to a federal system. Mr Quellar is fighting for it. Now Mr. Kyprianou says no.

[Question] Why don't you agree to discuss first all items--the withdrawal of Turkish troops, the free movement, everything. Why do you want the Greek Cypriots to accept the Quellar plan and...and then we see?

[Answer] Because that's what we had agreed to do. It's another matter on which Mr. Kyprianou changed his mind.

[Question] Why don't you meet with Mr Kyprianou to clear things up, like two good Cypriots?

[Answer] Because my meeting with him is included in the Quellar plan. I do not want to give Mr Kyprianou the chance to destroy the "package" of the plan. You seem to think that Mr Quellar prepared a plan for us out of the blue. Wrong! Mr Quellar wrote the same phrase to me and Mr. Kyprianou: "...as agreed by both sides, following joint efforts." Doesn't that tell you something?

[Question] Mr Denktas, what's the use of talking about it now? The Greek side does not accept the Quellar plan...

[Answer] At last! One sincere statement. Until now everyone was in doubt. I am glad you say it so honestly.

[Question] Wait a minute. I am not a politician. I am a journalist, and I simply say what I hear or read. And what I hear is this: "Since we are going to die, why commit suicide"? After all, Quellar and the UN are not a court issuing sentences...

[Answer] And I tell you that no Turkish Cypriot will accept a basis for discussion outside of this compromise.

[Question] I heard that some Turkish Cypriots have occasionally talked with Greek Cypriots at the Lidra Palace in an effort to start some kind of a dialogue. Why did you forbid them from doing so?

[Answer] We stopped them when we found out these talks were being reported to the State Department.

[Question] I am told that many Turkish Cypriots from the south who now live here as refugees are not happy.

[Answer] I am going to conduct a plebiscite under the auspices of the UN. Anyone who wants to leave can leave.

[Question] Mr Denktas, you have a bad reputation.

[Answer] It was created by the Greek Cypriots but I have survived. In fact, I am thinking of collecting all the things they have said in the last 30 years and publish them in a book.

[Question] Will you include what your father used to say when you were a boy: "God forbid, Rauf, if you ever come to power, with your character...!"

[Answer] Who told you that?

[Question] Certainly someone who knew your father because I never met him, of course.

[Answer] It's not true. On the contrary, my father always told me how good, how intelligent the Greeks are...

[Question] Mr Denktas you know, alas, that a grave is better than the agony for the fate of a missing person.

[Answer] We have said it again and again. We hold no living Greek Cypriots. Not a single one. Why do they insist on the opposite? There was a war, people were killed. There are no missing persons.

[Question] Several times in the last few days I asked myself why you agreed to give this interview.

[Answer] Because I want the Greek side to hear my views. And because I want everyone to understand we do not want anything that belongs to the Greeks, but neither are we going to give them anything that belongs to us.

[Question] And do you think you can convince the Greek side that your aim is not totake over the whole island?

[Answer] What can we do with the whole island? What can Turkey do with Cyprus? We had a hundred opportunities to do so and we didn't. What Turkey will not allow is to let Cyprus become part of Greece.

[Question] I come back to the question I asked at the beginning. From what I hear I cannot see how you [all] can live here in Cyprus...

[Answer] Why not? We can live side by side until more wise leaders come along and find better solutions.

[Question] How long do you intend to stay as leader of the Turkish Cypriot community?

[Answer] As long as Mr Kyprianou is there, I will be here (he laughs).

[Question] Anyway, who is the Greek Cypriot with whom you feel you can talk?

[Answer] Ah. I am not going to tell you because the next day they will call him a "traitor". Nevertheless, there is someone.

[Question] What is your last word, Mr Denktas?

[Answer] The optimistic phrase in politics is "never say never." That's what I tell you.

[Question] Mr Denktas, as I say goodbye, I express the wish that some day you will shake hands with the Greek Cypriots in a friendly way, for the good of Cyprus.

[Answer] Insallah! [Editor's note: An expression that those from Turkey will understand...Something like, "so may it be, with God's help."]

7520
CSO: 3521/102

NEW SECRETARY GENERAL ELECTED FOR DLP

Istanbul HURRIYET in Turkish 28 May 86 pp 1,20

[Report by Emin Ozgonul]

[Excerpts] Ankara--Adana deputy Nuri Korkmaz, one of the Democratic Left Party [DLP] representatives in the Assembly, was elected as Secretary General of his party. Korkmaz, who was unanimously voted Secretary General by the DLP Executive Council, made his first statement to HURRIYET and said: "We are the leading candidate to become government." In addition to electing Korkmaz, the DLP Executive Council elected Executive Council member Yasar Mengi as the Accountant General of the party.

After DLP Secretary General Necat Hamzaoglu announced that he was going to resign his position, Nuri Korkmaz, whose name was mentioned frequently as a candidate for the position, was elected Secretary General as expected. In his statement to HURRIYET, Korkmaz blinked at deputies who may wish to defect from the Social Democratic Populist Party [SDPP] to the DLP and said: "We still have not seen anyone who jumped into the sea and began swimming, but colleagues who may wish to do so will not be left out in the open." Korkmaz added: "Bulent Ecevit is the natural leader of the DLP members as well as all social democrats."

Relations with SDPP

Korkmaz said that his party is not necessarily determined to form a group in the Assembly and that DLP will think about that if there are deputies who wish to resign from SDPP and join DLP. With reference to "proposals to merge SDPP with DLP," Korkmaz said:

"Let no one be too anxious about the issue of a merger. Artificial mergers would not benefit anyone. The people at the grass roots level will decide on a merger. The social democrats no longer wish to see an adventure. Panicky thoughts to the effect that 'we are being divided' are wrong. If it is so highly desirable, SDPP may close its shop and join with DLP. Bulent Ecevit is the indisputable leader of the social democrats. He established social democracy in Turkey. It is natural that a man who has dedicated his life to this work and who has built social democracy with his own hands under very difficult conditions would not permit social democracy to be squandered.

Prohibitions and politics are incompatible. We must find out if society has banned something. Bulent Ecevit is the natural leader of the DLP members as well as all social democrats."

Who is Korkmaz?

Korkmaz was born in the Ilgin County of Konya in 1940. He is a graduate of the Army War School and the War Academy. Korkmaz served as Chief of Operations of the Aegean Army, Commander-in-Chief of the VI Army Corps and a faculty member of the War Academies. After the 12 September operation, Korkmaz became the mayor of Adana as an army colonel. During the 6 November 1983 elections Korkmaz left the army and ran as a Populist Party candidate for an Assembly seat. He was elected to the Assembly as a Populist Party deputy. A while later, Korkmaz resigned from the Populist Party and joined DLP. Korkmaz, who speaks Russian, is married and has three children.

9588
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TENSIONS IN SDPP SEEN AS 'WORRISOME FOR DEMOCRACY'

Istanbul TERCUMAN in Turkish 6 Jun 86 pp 1,13

[Editorial by Taha Akyol: "Hara-kiri"]

[Text] The events that have been taking place in the Social Democratic Populist Party [SDPP] are important. While a healthy social democratic party is essential for our democracy, the events that have occurred in the SDPP are as worrisome for democracy and domestic peace.

We cannot view the issue as a set of problems arising from the process of the unification of two parties. At the root of the conflict which has reached the point of resignations lies the restlessness stemming from the "bad-tempered" individuals in the SDPP.

Erdal Inonu's call for a more unequivocal and united stance by the party's Assembly group and general assembly against the extremists within SDPP is justified and encouraging. But it appears that Inonu is late. Such a call should have been made at the very outset rather than to allay the intense criticism that has been leveled in the party's assembly group. At the very outset, when the party was being organized in the counties, elements who had not caught the "left's old diseases" should have been carefully picked and efforts should have been made to build a reliable social democratic party which would ask for the support of millions of moderate middle-class voters rather than that of the extreme ends.

Finally, the "united unequivocal stance" proposed by Inonu against the criticisms should have been outlined "unequivocally" at the party congress.

Most importantly, SDPP's ideology should have been unambigious; the party should have known what they would do and how and should have stated "unequivocally" and resolutely its differences with its left.

In the more crowded and lively Democratic Left Party [DLP] congress there were no events comparable to those at the SDPP congress. Because DLP, which pursues a more radical course in democratic leftism than SDPP, is also more principled and careful than SDPP on the issue of closing its doors to the extreme left.

Such extremist elements, who are morally distant from representing any broad segment of voters, began to gain influence in SDPP as a result of the membership registration and delegate election methods of activist groups; the "great crisis" was caused by this situation.

Ecevit who underscored the need to be careful and vigilant against "old diseases" from the outset was proven right.

This is where one should look for the causes of the sudden rise in Ecevit's influence.

SDPP has lost a substantial amount of trust with respect to its vulnerability to adventurism, internal tensions and excesses. The "bad-tempered" ones in the party who have been boasting of their bravery are responsible for this situation.

Everywhere in the world the "bad-tempered" harm their own environment.

And everywhere in the world these "bad-tempered" ones start the political "hara-kiri" process.

9588
CSO: 3554/400

OZAL ADDRESSES ISLAMIC ENVOYS ON CYPRUS, TIES WITH GREECE

Istanbul CUMHURIYET in Turkish 6 Jun 86 p 13

[Text] Ankara--In a conversation with the ambassadors of Islamic countries in Ankara last week, Prime Minister Turgut Ozal spoke in depth about Turkish-Greek relations and the Cyprus problem and said that "Greece is pursuing a persistent policy of tension against Turkey."

After a Ramadan fast breaking dinner at the Ankara Palas Hotel, Ozal had a conversation with Islamic envoys for more than an hour on Turkish-Greek relations, the Cyprus problem and issues of interest to the Islamic world.

Ozal reviewed Turkish-Greek relations and the Cyprus problem within the framework of Ottoman history and Turkish strategy in the Mediterranean and recounted a detailed history of the [Aegean] islands from the 17th century until today.

Emphasizing the need for the demilitarization of the islands in view of their current status, Ozal said: "In any event, the militarization of these islands, which are dispersed irregularly over the Aegean, is not of any military significance."

Ozal also recounted the development of the Cyprus problem from the 1960 agreement until today and stated that the problem can only be solved within the framework of a federation. Ozal noted that the Turkish side has accepted the latest document prepared by the UN Secretary General and that it is the Greek Cypriot administration that is being intransigent.

Recognition of TRNC

The most important message conveyed by Ozal's speech concerned the issue of the recognition of the Turkish Republic of Northern Cyprus [TRNC]. Noting that per capita income in the Greek sector of Cyprus is much higher than that in TRNC and that the Greek Cypriot administration is benefiting significantly from its recognized status as a legitimate government in international forums, Ozal said that the Greek Cypriot administration sees no benefit in agreeing to a federal solution under these advantageous conditions.

While Ozal did not explicitly ask the envoys of the Islamic countries to recognize TRNC, he said that unless third countries change their stance toward the Greek Cypriot administration, conditions which will force the Greek Cypriots to come to an agreement will never emerge. With this statement Ozal conveyed the message that it is essential to treat both sides on the island on an "equal" footing in order to break the intransigence of the Greek Cypriots.

9588
CSO: 3554/400

IRAN-IRAQ WAR SEEN AS CAUSE OF DECLINE IN TRANSIT SHIPPING

Istanbul DUNYA in Turkish 14 May 86 pp 1,9

[Text] Trabzon--It has been disclosed that transit shipping [through Turkey] is in a crisis because of the Iran-Iraq war and the development of alternative routes by other countries. Speakers attending the Symposium on Crisis in Transit Shipping and Possible Solutions emphasized the need for investments required by transit shipping which is a major source of foreign currency earnings.

A fairly large number of participants attended the symposium which was sponsored by DUNYA in Trabzon. Officials of shipping firms attending the symposium discussed ways of preventing the crisis in transit shipping.

The Symposium on Crisis in Transit Shipping and Possible Solutions, sponsored jointly by DUNYA and KARADENIZ in Trabzon, began its proceedings. Speaking at the opening ceremonies, State Planning Organization [SPO] Deputy Undersecretary Imdat Akmermer stated that the Turkish transit shipping industry is an important economic force and that Turkey, which developed its merchant marine and TIR [International Highway Transport] fleets very rapidly, is in a crisis today because of the Iran-Iraq war, the state of relations between Iraq and Syria and the declining price of oil. Akmermer added that the Turkish economy must not be ignored in the examination of this problem.

Deputy Undersecretary of the Ministry of Communications Muammer Isikoglu noted that Turkey is a country where there is noticeable economic development and said: "The importance of transit shipping is growing together with the volume of foreign trade. Conclusions that emerge from this symposium will be taken into account."

Trabzon Governor Yilmaz Ergun said in his speech at the opening of the symposium that the transit shipping industry has run into various difficulties in recent years and that the timing of this symposium is significant. Ergun added that the symposium deserves scholarly praise.

Speaking at the symposium later on, Professor Kemal Gurbuz, President of the Black Sea University, said that the transit shipping industry needs to be revitalized, that all the necessary infrastructure facilities are in place and that his university is continuing its work in this area.

The next event in the symposium was a panel discussion. The panel, headed by Saffet Ulusoy, President of the Association of International Shippers, was composed of Yusuf Cakir, Executive Council member of the Abdullah Cakir Shipping Agency; Professor Atilla Kesin, Dean of the School of Economic and Commercial Sciences at the Black Sea University; Ali Osman Ulusoy, Assembly President of the Trabzon Chamber of Industry and Commerce; and Coskun Gencosmanoglu, Director General of Anadolu Transport.

Noting that foreign currency earnings from overland transit shipping, which had been steadily rising for many years, declined for the first time this year, panel chairman Ulusoy said: "Shipping earnings which had been rising steadily, began declining in 1985. It is necessary to expose the obstacles encountered in reaching the current environment of chaos and crisis."

Ulusoy summarized the causes of the crisis environment in the transit shipping industry as follows:

"--The replacement of the C-card system with the contract system.

"--The ban on the sale of vehicles 5 years after they were imported with incentives.

"--Steady declines in freight charges.

"--Bureaucratic obstacles.

"--Problems arising from roll-on-roll-off shipping.

"--The development of alternative transit routes.

"--The failure of Turkish ports to operate rationally."

With reference to the development of alternative transit routes, Ulusoy said:

"Just as we are looking for alternative exit routes, our competitors are looking for ways of knocking out Turkey. Our current ability to hold on to the shipping of goods destined to the Middle East is partly the result of the nonutilization of ports in Jordan and Syria. However, it is seen that our competitors are working to put those ports into use. They are also looking for other alternatives."

Stating that the tonnage of transit freight arriving at Turkish ports has declined, Ulusoy insisted that this is the result of the ports' failure to operate rationally. Ulusoy outlined the decline of shipping in Turkish ports between 1984 and 1985 as follows:

"Shipping from the port of Trabzon has declined by 8.6 percent for goods destined for Iran and by 100 percent for goods destined for Iraq. Shipping of goods for Iran from the port of Hopa has declined by 40.7 percent. At the port of Samsun, shipping of goods to Iran has declined by 39.3 percent and those to Iraq by 100 percent."

Noting that the region's ports, the heart of shipping operations to the Middle East--in particular to Iran--are characterized by transit shipping, Ulusoy said: "While reported positive economic events continue to develop in Turkey's favor, overland transit shipping through Turkey began to decline in 1985. The loss in foreign currency earnings resulting from declines in the quantities shipped as well as last year's drops in tonnage rates cannot be attributed to changes in the Europe-Middle East trade volume alone. In conclusion, the 1985 revenues of the Turkish shipping industry were $40 million less than its 1984 earnings."

Stating that the transit shipping industry is a steady source of foreign currency earnings, Ulusoy said that the necessary investments in this area must be given serious consideration.

Yusuf Cakir pointed to the infrastructure deficiencies of the port of Trabzon and said that port operation policies are inadequate and that transit ships are made to wait at the port for too long. Cakir also stated that foreign firms are looking for alternative ports. Noting that Turkish ports will face a vast increase in freight flow in the near future, Cakir said that modernization work on the ports must begin as soon as possible.

Outlining the development of the transit shipping industry, Professor Atilla Kesin outlined the causes of the declines observed in recent years in the transit shipping industry as follows:

"--The Iran-Iraq war on our doorstep and the oil price declines which have had an adverse effect on the imports of these two countries.

"--The introduction of transit shipping to the Middle East through the USSR and the development of other alternative routes."

With reference to the state of the Turkish ports, Kesin said that our ports are not sufficiently deep and wide, that the equipment used in the ports is inadequate and that various procedures at the ports are controlled by different ministries.

Trabzon Chamber of Commerce and Industry Assembly President Ali Osman Ulusoy criticized the practice of charging for unperformed services at the ports and said that the shipping industry was not prepared for the crisis of 1983-1984.

The last speaker of the symposium's first panel discussion, Anadolu Transport Director General Coskun Gencosmanoglu outlined the causes of the crisis in the transit shipping industry as follows:

"--Economic collapse in Iran as a result of its war with Iraq.

"--Iran's efforts to use its own ports, ships and transportation vehicles.

"--European firms' shift to new markets after Iran's inability to pay in cash for imported goods.

"--Uncalculated price bids by a number of so-called companies which have raised prices and disappeared after abandoning the goods."

In today's session of the symposium, a panel discussion will be held with the participation of SPO Deputy Undersecretary Imdat Akmermer and Deputy Undersecretary of the Ministry of Communications Muammer Isikoglu.

9588
CSO: 3554/88

FUNDS SEEN AS CAUSING INFLATION, MEANS OF INTERVENTION

Istanbul DUNYA in Turkish 14 May 86 p 1

[Editorial: "Funds and Consistency"]

[Text] The need to make timely and appropriate public expenditures has always been a cause of endless disputes between the executive branch and the legislative branch in democracies. As a result, in almost all democracies, the executive branch has used and does use practices which move some spending outside the budget discipline. This practice is particularly widespread in countries where the constitution mandates a "strong presidency."

In Turkey, the vehicle found to enable the government to make spending decisions outside the tight restrictions of the budget was the establishment of extra-budgetary "special funds." These funds, whose revenues have been procured from extra-budgetary sources and whose expenditures have been controlled using procedures different that those used in budget spending, have facilitated certain practical easements to the governments. In particular, the practice of auditing funds after expenditures has been the chief advantage of the utilization of funds. However, this same advantage has created a peril from the standpoint of the funds' economic impact.

Unlike personal, family or company budgets, government budgets are not simply a balance sheet or plan of income and expenses. In addition to balancing income and expenditures, government budgets also have certain effects on the entire economy because of their sheer size. That is why all democracies have endorsed the principle of mandating legislative procedures in the process of drafting a government budget. The objective has been to prevent governments from undertaking new spending as soon as they find new revenues.

Everywhere in the world, governments which implement the budgets are naturally inclined to spend whatever new resources they find or "create." In countries like Turkey, which are gripped by chronic inflation, such dispositions may very easily become dangerous. In view of that fact, one objection raised against extra-budgetary fund spending is more serious than allegations of "embezzlement and favoritism." Allegations of "embezzlement and favoritism" can after all be refuted through inquiries. But the inflationary effects of government spending--even if it comes from real resources--is evident without any need for inquiries.

Moreover, the basic point that must not be forgotten is that expenditures from funds are direct "transfer expenditures." Transfer expenditures, which mean the transfer of resources from one economic sector to another by the will of the government, are considered the purest forms of market intervention in economic literature. The intensification of government intervention in the economy, while efforts continue to establish a free market system in Turkey--at least superficially--do not reflect a consistent policy.

9588
CSO: 3554/88

BRIEFS

BULGARIA DEMANDS RETURN OF ASYLUM SEEKERS--The Bulgarian government officially asked the Greek government yesterday to return immediately the six Turks--of whom four are students and two are farmers--who had fled oppression. The Sofia government stated that our kinsmen--named Fikri Ahmet, Ridvan Ramadan, Ismail Gulistan, Sali Mehmet, Nurettin and Bahri--are Bulgarian citizens and that therefore they must be returned without delay. In its petition, the Bulgarian government also rejected the oppression grounds given by our kinsmen in their appeal for asylum and said: "The religion and race of these persons does not concern anybody. They are all our citizens." Meanwhile, the questioning of our kinsmen who surrendered to the police on Saturday after arriving in Gumulcine and Iskece has been completed. It has been disclosed that the six Turks whose processing has been completed in the Gumulcine police station will be transfered to the Lavrion refugee camp near Athens. Upon hearing about the Bulgarian demand for the six Turks' return, the West Thrace Turkish Association retained Attorney Hasan Imamoglu to defend the legal rights of our kinsmen. [Istanbul TERCUMAN in Turkish 29 May 86 p 13] 9588

CSO: 3554/94

IMPACT OF NEW LAYOFF PROCEDURE REVIEWED

Management Reaction Surveyed

Paris L'USINE NOUVELLE in French No 25, 19 Jun 86 pp 38-39

[Article by Jean-Paul Le Guern]

[Text] The administrative requirement to obtain government permission before laying off workers is on the way out. Is this a lot of fuss about nothing? Yes, when you consider that nearly two-thirds of company executives do not intend to make use of this reform. No, when you see that already 22.4 percent of companies surveyed are getting ready, for this reason, to hire more workers.

As a direct consequence of the abolition of government controls on the economic reality of layoffs, some 22.4 percent of chief executive officers of companies are considering hiring workers over the next few months, and some 2.3 percent have already decided to hire more workers. That is what a poll taken by L'USINE NOUVELLE and RES [Economic and Social Research Service] has revealed.

Therefore, the abolition of these government controls--and the number of company chief executive officers who do not intend to make use of the disappearance of these controls--were not worth either the excessive satisfaction or the anger expressed regarding this action. In effect, the results of the poll leave the most determined members of both sides of the question dissatisfied--those who predicted a tidal wave of layoffs, as well as those who stated that this significant reform by itself would result in hundreds of thousands of job openings.

Will the two sides know how to draw the right lessons from their common mortification? This is something we should all hope for, since the new procedures covering economic layoffs (see below) are also provisional in form. And it is up to both sides to take further action on the matter. In effect, let's not forget that the law approved on 7 June by the National Assembly and which has now been introduced in the Senate must be followed up by negotiations between labor and management. It will be fall before a new law on the subject completes the process, unless, of course, there is a last-minute change in the situation.

Such a change remains a possibility. By deciding on a three-stage change in the law the government has certainly shown a prudent attitude. However, in a three-stage rocket there is a risk of explosion in each stage.

The first threat of explosion is already past. However, in the next stage of negotiations, which the CNPF [National Council of French Employers] has promised to begin on the day following the final approval of the law, the risk of an explosion will rise again. And these risks will reach their high point in the fall, if by chance the failure of these negotiations should lead the government to act on its own.

Company executives are waiting to find out what concessions they will have to make in return for abolishing the requirement to obtain government permission to lay off workers. In any case the abolition of this procedure will take effect on 1 January 1987. As far as the workers are concerned, they are waiting with no less impatience to regain complete protection of their jobs. It is up to the representatives of both groups, respectively, not to disappoint their supporters. And to do that, they will have to marshal their inventories of outmoded arguments in advance or even destroy them in order to avoid, contrary to their unfortunate habit, bringing them out on the first occasion that comes along, even on quite another subject!

Nearly one business executive out of four is thinking about hiring new workers. However, two out of three do not intend to make use of the new provisions of the law. And 2.3 percent are considering firing some of their workers. Is eliminating government controls on firing workers a reform which amounts to very little? Certainly not. The poll taken by the RES for L'USINE NOUVELLE provides lessons of major importance in this regard.

First of all, 22.4 percent of the companies surveyed are going to hire more workers. That is far from being negligible. In this group of companies industrial firms will do a little less well: 18.6 percent of them will hire workers. That is a higher figure than 2 months ago. A proposed easing of procedures for laying off workers 2 months ago led 15.9 percent of chief executive officers of industry to indicate that they would hire more workers. (See L'USINE NOUVELLE issue Number 19.) As this provisions of this reform bill have become clearer, the intentions of business executives have also become more precise.

This survey provides valuable confirmation of the following: small industrial firms will hire more workers more frequently (19.1 percent) than medium sized (15.3 percent) or large companies (10.2 percent). Moreover, the tendency is the same when all industrial sectors are mixed together. This is clear. The requirement to have administrative permission to lay off workers affected small companies first of all.

When asked about the reasons for hiring workers, 51.1 percent of company executives stated without mincing words that they would hire more workers because, should it become necessary later on, it would be easier to fire them. From this point of view the reform bill seems to have hit the target which the prime minister was aiming at: removing the negative effects of the requirement to have administrative approval to fire workers. However, this figure was strongly influenced by the replies of non industrial company executives.

In the industrial sector the reform directly led to a decision to hire more workers in only 24.6 percent of the cases. And the reform bill only directly affected the activity of the companies in 49.2 percent of the cases (32.5 percent when all business sectors are lumped together). However, of course, this is only a reversal in the natural order of things. In effect, how could we conclude that companies whose activity was stagnating or declining would hire workers simply because the right to fire them had become easier?

Only 2.3 Percent of Companies Feel They Have Been Encouraged to Fire Workers

Another surprising result of this poll is that the new procedure for firing workers has led 2.3 percent of the companies to dismiss workers. Some of them have decided to do this earlier than they had originally intended (1.5 percent). Other firms have decided to fire workers in larger numbers (0.7 percent), while still others have decided to fire workers earlier and in larger numbers (0.1 percent). These are very low figures, about which we can only be glad. These figures include the industrial sector, where they are generally lower (0.9, 0.1, and 0.5 percent, respectively), even though medium sized companies and, to a slightly lesser extent, large companies plan to fire workers a little sooner and even increase the number involved.

It is clear that these intentions expressed in the poll do not weaken in any way what may henceforth be accepted as fact: abolishing the requirement to have government permission to fire workers will not result in mass firings.

The third lesson to be drawn from the RES poll is the following: 63.9 percent of company executives do not intend to make use of the new provisions of law. This figure is very high, although it is a little lower in the industrial sector (59.5 percent). It reaches its highest point in the largest companies: 69.1 percent in companies having from 50 to 199 workers and 68.7 percent in companies employing "more than 20 workers" (67.4 percent in industry).

Why should there be such results? Because company executives are not particularly interested in this change? No, only 30.4 percent of those who will not take advantage of the new legislation have made a decision. And these executives are less numerous in the industrial sector: 25.6 percent.

The principal reason is the satisfaction expressed with the present level of employment, above all and particularly in the industrial sector: 56.4 percent in industry, compared to 30.6 percent when all sectors are taken into account.

Finally, 11.3 percent of business executives have not yet decided what to do about the change in legislation. This is especially the case in the industrial sector, where the number of undecided is higher (20.5 percent). When the time comes, they will decide to hire at least the same proportion of workers as those company executives who have already made their decision.

Table 1 - Question: Government control over laying off workers for economic reasons has just been abolished. Taking this change into account, what do you intend to do initially, over the next few months? (Answers in percentages)

			Industry Alone		
			Number of Workers		
	All Sectors	All Companies	Less Than 50	50-200	Over 200
No Intention to Make Use of New Legislation	63.9	59.5	59.3	59.2	67.4
Will Hire Workers	22.4	18.6	19.1	15.3	10.2
Will Lay Off Workers Sooner Than Previously Planned	1.5	0.9	0.5	5.1	2.0
Will Lay Off More Workers Than Previously Planned	0.7	0.1	---	1.0	2.0
Will Lay Off Workers Sooner and in Larger Numbers Than Previously Planned	0.1	0.5	0.5	---	---
Undecided	11.3	20.5	20.6	19.4	18.4

Technical Details of Poll

RES carried out this poll by telephone on 11 and 12 June, using a sample of business leaders or personnel directors representing all sectors of economic activity. The results are considered representative at the national level.

Procedural Differences Outlined

Paris L'USINE NOUVELLE in French No 25, 19 Jun 86 p 40

[Article by Sylvie Bommel]

[Text] It will only be after the adoption by the National Assembly of a definitive law that the requirement to obtain prior administrative permission to lay off workers will be finally abolished. A draft bill in this sense should be introduced in Parliament during the first ordinary sitting of the 1986-87 session. However, the law approved on 7 June by the National Assembly provided for the immediate abolition of the requirement to obtain prior permission in the case of lay-offs of less than 10 persons.

Furthermore, this bill immediately changed certain procedural points.

The major and immediate change in the law was the abolition of the government's power to review lay-offs decided on for economic reasons. This is a changea which involves very different consequences, depending on the number of persons laid off.

As a first example, take the case of individual lay-offs and the lay-offs of from 2 to 9 employees over a period of 30 days.

--The requirement to request permission to carry out such lay-offs for solely economic reasons is now abolished.

That is an important change. It eliminates not only the possibility of a refusal of permission by a labor inspector, but it also abolishes the numerous preliminary meetings required and the waiting period required to obtain the necessary authorization.

--On the other hand, a new requirement has been established. The employer must call in the worker or workers included in the planned lay-offs for a prior discussion of his intentions. The only exception to this new rule is the case of the lay-off of an individual employee who has less than 1 year of seniority.

At the time of this discussion the employer is required to indicate the reason for the decision he has in mind and to listen to the explanations made by the worker. The latter can arrange to have himself assisted by another person who works for the company. And the reason for the lay-off must be confirmed in the letter notifying the worker of the termination of his or her employment.

--Finally, the workers will respond to the action taken to lay them off before a conciliation commission and no longer before the minister of labor or an administrative tribunal.

As a second example, take the case of the lay-offs of at least 10 workers over the period of 30 days.

--The only immediate change in the procedure is that the government no longer verifies the economic reason for the lay-offs. However, the requirement to obtain authorization remains in effect, as well as the period of time required for an answer (a period of 30 days, which cannot be extended).

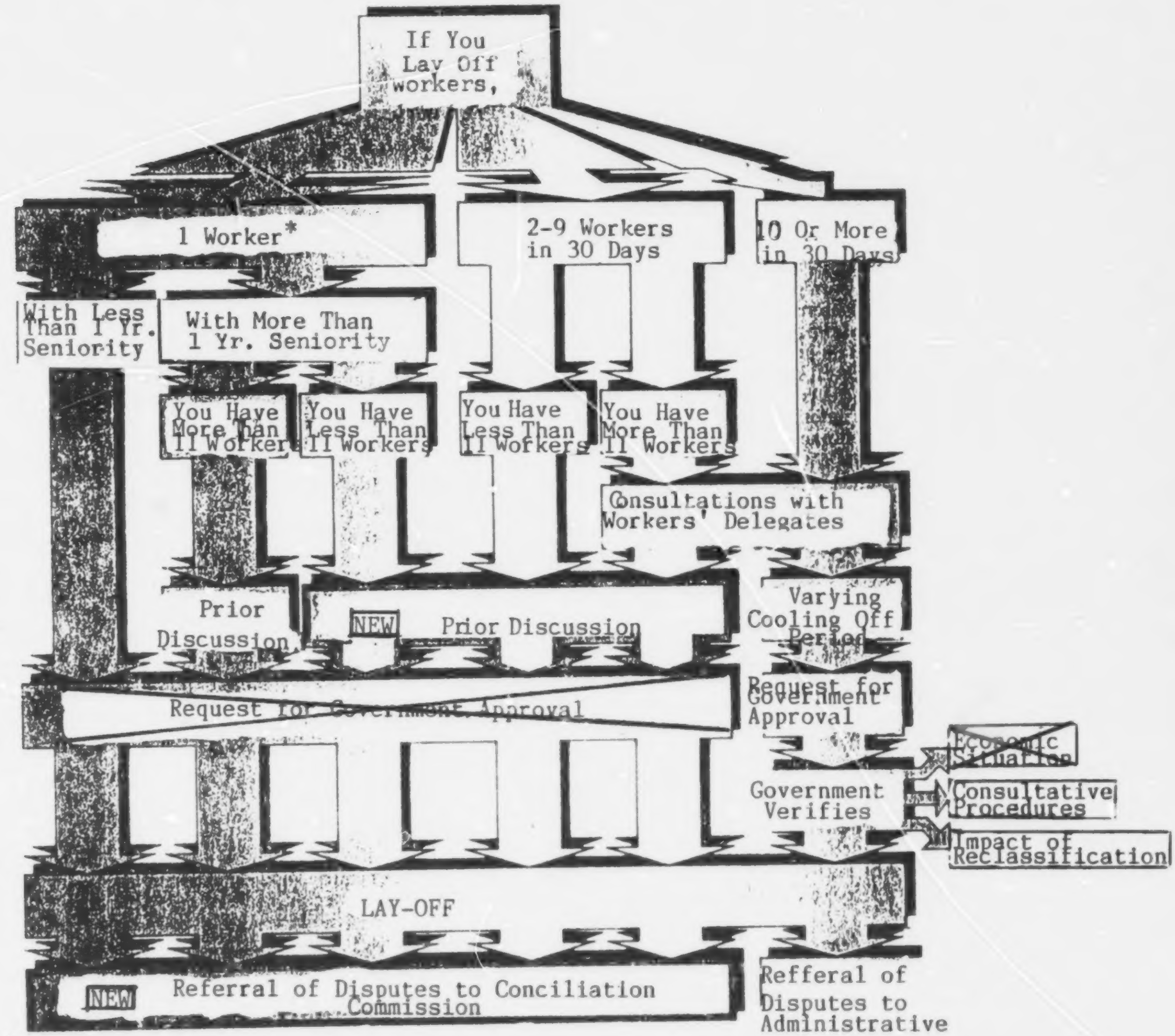
Meanwhile, the government checks to ensure that existing procedures (of law and under collective bargaining agreements) for consultations with representatives of the personnel involved and for reclassification and compensation accepted by the company are followed.

Finally, two points of general relevance should be emphasized (that is, whatever the number of lay-offs):

--The abolition of government control over hiring and firing, whatever the reason, during a period of 1 year after a lay-off for economic reasons;

--The continued validity of procedures for consultation with the representatives of the workers, provided for by law, occupational agreements or collective bargaining agreements, and cooling off periods flowing from these procedures.

Table 2 - Procedure for Lay-Offs: What Has Changed


If You Lay Off workers,
1 Worker*
2-9 Workers in 30 Days
10 Or More in 30 Days
With Less Than 1 Yr. Seniority
With More Than 1 Yr. Seniority
You Have More Than 11 Worker
You Have Less Than 11 Workers
You Have Less Than 11 Workers
You Have More Than 11 Workers
Consultations with Workers' Delegates
Prior Discussion
NEW
Prior Discussion
Varying Cooling Off Period
~~Request for Government Approval~~
Request for Government Approval
~~Economic Situation~~
Government Verifies
Consultative Procedures
Impact of Reclassification
LAY-OFF
NEW
Referral of Disputes to Conciliation Commission
Refferal of Disputes to Administrative Tribunal or Ministry of Labor

* If the worker is a cadre, a report must be made to the Company Committee (or, failing that, to worker delegates (Interprofessional Agreement of 2 Oct 1969.)

5170
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MARTENS ON BUDGET CUTS, OBSTACLES, TRADE UNIONS, EDUCATION

Brussels LE SOIR in French 26 Jun 86 p 2

[Interview with Wilfried Martens, prime minister of Belgium, by Guy Depas, Catherine Ferrant, Saturnin Gomez and Benedicte Vaes. First paragraph is introduction]

[Text]--I hope to head an administration that will be concerned only with employment, when the terrible burden of the debt has disappeared.
--When the economic and budgetary needs disappear, emotional issues return quickly: community, coal and iron and steel problems.
--I have the feeling that I have met the bulk of the CSC's worries.
--If employers and the unions do not reach an agreement, the government will act on 15 September to provide competitiveness and employment for youth. If there is no agreement we must force.
--My group is beginning to be well broken in. I am always happy to see men--particularly young ones--gain political experience.
--I have suffered more than in all the rest of my political career.
--If there must be a change, one thing is certain: we will not delay.

Wilfried Martens, who is in "constant pain while fighting for economic improvements" and who is emerging from a period which he himself qualifies as the most difficult of his political career, has finally broken his long silence by being interviewed by our paper. This surprising silence was even beginning to be criticized by his own colleagues.

Is he going to chop heads? Change the administration?

[Question] Mr Damseaux, your minister of national education (francophone), is entirely against it, or almost...

[Answer] The past is the past. A change in the administration's makeup can only be seen as the indication of a change in order to go further!

[Question] So it is not a question of punishing?

[Answer] It can only be a question of implementing everything in order to meet our goal.

[Question] Let's talk about this goal...

[Answer] I am still obsessed by budgetary reform. If I am able to do that I will be relatively indifferent to everything else.

[Question] Everything else, such as employment?

[Answer] Let's not be mistaken. I would love to head a government that had to worry only about employment. But that can happen only when the terrible burden of the national debt is taken care of.

Constant Pain

[Question] A very long-term outlook?

[Answer] I hope that after the budget audit at the beginning of 1987 we can say: O,K., now all the time and energy that we have can be devoted to the distressing problem of employment. Don't think that austerity is something easy and agreeable to implement. It is constantly painful to me to have to do this. But it is absolutely indispensable. Otherwise, we will not accomplish anything. And the future, especially the future for our youth, will be compromised.

[Question] When will you draw up the balance sheet?

[Answer] At the end of the legislative session we will have a positive balance sheet. A model for Europe!

[Question] Only at the end of the legislative session?

[Answer] My hope is that by the spring of 1987 we will be able to say: we have done the bulk of what had to be done. The patient is not yet completely cured but he is improving rapidly. My hope is to be able to say soon: it's not over yet but we already know that we are saved.

[Question] Aren't you afraid that some obstacles will prevent you from reaching your goal?

[Answer] The governments that I have headed for 5 years have been primarily confronted with economic and budgetary problems: that has been their unifying thread. Community problems, Limbourg coal works, Cockerill-Sambre: all of that has been decided and will be decided more easily when the number one priority is elsewhere, in the necessity of budgetary improvements. Because necessity makes everyone understand and accept the approach taken.

[Question] Not everyone seems to be following you down this path. Teachers are in revolt, the unions and employers are contesting Val-Duchesse ...

[Answer] We cannot get the unions to agree with a plan of such scope; even the IMF says it is unprecedented among industrialized nations.

The Elusive CSC

[Question] But might not the Christian union, your principal ally, drop you?

[Answer] We do not yet know what the CSC's final attitude will be. But I believe that on the whole I have met their concerns. We have corrected our measures on the unemployment of women as far as we can within the framework of our goal. But who can think it normal that an unemployed couple living together with a net taxable income of over 750,000 Belgian francs should receive 12 billion in annual subsidies? This is not compatible with the budgetary situation. Besides, the FGTB as well as the CSC realizes the necessity of budgetary reform.

[Question] Wouldn't it have been better to have had some preliminary cooperation?

[Answer] But we have practiced cooperation! With one small exception: until 1981 we did not decide anything because labor and management could not agree. It was horrible! Now, after having listened to everyone's advice, we are deciding, since this is our role and our duty. We must govern and accomplish our goal, despite individual interests, for the good of the whole.

Education Is Important to Me

[Question] What "general interest" are you defending in education, where your plans have pitted everyone against you?

[Answer] Education is very important to me. It was the most important liberating factor in my life. And you know, at that time, it was traditional education! The new method does not have a monopoly on this liberation, but I'm not saying that the new method does not have positive aspects. I am trying, with respect and caution, to analyze what has been done in education these past few years. I think we must combine the new with the important points from the past.

As for budget reform, this is necessary precisely in order to preserve the future of our youth. The youth of today are the ones who will have to pay the burden of our debt.

[Question] In the world of education it has been stated (and shown) that some of the measures proposed at Val-Duchesse will simply be impossible to implement for the next school year.

[Answer] After Val-Duchesse we began a cooperative effort with the educational community. At the end of this political and technical discussion important modifications were made. For example, we partially spared rural education and occupational training.

The Impossible Consensus

[Question] Do you think that the principle of consensus, which has been used until now within the education agreement committee, is outmoded?

[Answer] It is no longer applicable. The government will submit to this committee its draft decrees which could have an effect on the educational climate. But the lack of a consensus cannot put a break on government action. This is urgent.

[Question] How do you explain the fact that the two ministers of national education each give different appraisals on the subject of employment? Mr. Damseaux claims that we will hire teachers while Mr. Coens states that we will lay off several thousand.

[Answer] Some people have said that 28,000 teachers would be laid off. It will be less than half of this figure over 3 years. However, it is true that the repercussions will be different in the north and the south of the country.

[Question] Does the combining of the two educational systems seem more and more inevitable to you?

[Answer] We take each day as it comes! For the moment, I don't want to complicate things. In any case, change can only take place as part of a continuum. For the immediate future we are planning to suggest a cooperative effort in the fall which will have a dual goal: to evaluate the situation after school starts and to prepare to implement the second phase of economic restraints for the next year. If it should turn out that some things are not feasible, I could propose an alternative plan which would keep the same budgetary objective.

Forcing Employers

[Question] There is one group that we have not talked about yet: employers. Are you counting on their support? If it is not given spontaneously will you force it?

[Answer] My reply is a double yes! An interprofessional agreement should be concluded between employers and unions. If it is not, the government should take the initiative to avoid a vacuum at the end of the year. Competitiveness of firms should be ensured and an effort should be made to encourage employment, especially for youth.

[Question] If there is a disagreement will you step in on 1 August or will you give the parties additional time?

[Answer] We want to be set at the very beginning of September. If we are not we will act around 15 September to implement a system leading to salary increases where possible and under circumstances described by the government statement. This system will lead in particular to employment. The fruits of salary restraint should not be divided just between employers and active workers; those who are unemployed should also benefit.

[Question] Do you want the cooperative effort to fail so that you can set up your plan, which seems to be all ready?

[Answer] What are you trying to say! It would be better to have an agreement. The public authorities, who are not "in the field," will run into more difficulties trying to meet the goals than will the parties themselves. But lacking an agreement, we must force.

National Debt: Do Better?

[Question] Couldn't you do more and do better to consolidate the national debt?

[Answer] It is first of all essential to do what was decided. Believe me, it is not that easy to find 30 billion...

[Question] Even some bankers think that without upsetting the laws of the market we could have gone further...

[Answer] That should be possible in fact. And no one has said that we couldn't go further. But, I repeat, by adhering to the principles of voluntary restrictions.

[Question] And what about tax evasion? Strong emotions have been vented on the future that the taxpayers' charter has reserved for the office of special tax inspection (ISI).

[Answer] During the Kirschen affair I distinctly said that I was in favor of strong punishment for tax evasion.

[Question] But you said nothing during the Artois affair.

[Answer] (Violent reaction.) I say the same thing: without being relentless, but without being weak.

[Question] However, the charter...

[Answer] Evasion must be punished but taxpayers' rights must not be curbed.

[Question] Does the fact that the courts can call upon ISI experts alter the rights of citizens?

[Answer] Judges can always appoint the expert witnesses of their choice. But the responsibility for the preliminary hearing remains theirs and according to the terms of the charter they will be assisted by specialized magistrates.

[Question] Do you think that there is still a lot of evasion to find in Belgium?

[Answer] I hope not..for the moral health of our citizens.

[Question] Maybe you hope so for the health of the state's finances?

[Answer] (Smile.) That is a cruel thought that I will not attribute to myself.

A Well-Broken-In Group

[Question] How do you judge your current cabinet politically?

[Answer] It is unified and is beginning to be well broken in. New men have arrived; not many, but they are important. My concern was to integrate them with the others and this is the basis of what others have called delaying on my part. If I had wanted to put the motor into high gear in March it undoubtedly would have broken.

[Question] Don't you think that within the government some men have begun to have a lot of influence?

[Answer] I am always glad to see men--particularly young men--have influence! My position is temporary. Others must take over one day.

Such a Long Silence

[Question] You were silent for a long time, Mr. Martens. Too long?

[Answer] That's not true. I spoke a lot and at the necessary times. My caution was rooted in the importance of the issue. During the past 7 months I went through a difficult period. I suffered more than in all the rest of my political career. Do you think that we have remained impassive and insensitive to the immensity of the effort that we have asked of people? To the complaints that they have? I have the respect of the people and of the various shades of opinion, as divergent as they can be from what I think myself. I listen. I try not to compromise discussions and cooperative efforts in progress--and there have been many--by untimely or hasty statements. I am convinced that by acting otherwise, by not taking into account the Belgian system, I would not have succeeded. I am suffering, you know: it is painful to hurt others, even when it is necessary. Now I am going to explain. And to explain more and more so that people understand the scope of what we have done despite the disinformation. Believe me, in politics you cannot improvise.

9720
CSO:3619/55

TURKEY'S 'BEGGING' FOR EEC MEMBERSHIP CRITICIZED

Istanbul MILLIYET in Turkish 6 Jun 86 p 2

["Angle" column by Mumtaz Soysal: "Pathetic"]

[Text] It is useful to return to the EEC issue even at the cost of repeating ourselves because it has gone from being distressing, pathetical and depressing to being revolting.

Listening to Claude Cheysson on the program called "32nd Day" on TV two days ago you must have had the same feeling: On the one side there is a Turkey which is ready to give its soul to enter the EEC and which is looking beggingly into the eyes of Western statesmen to see the light of full membership; and on the other side there is a haughty Europe.

This haughtiness has for the moment found the pretext of democracy and human rights. It is more or less obvious what other pretexts it will find tomorrow.

This will go on like this indefinitely. It will go on until Turkey's membership in the EEC becomes profitable for the other members.

For the moment, Turkey's membership is not profitable: It is not beneficial from the standpoint of granting free circulation rights to workers and it is not profitable from the standpoint of the initial aid that will have to be given.

There is also the emotional factor of not counting the Turks as being part of Europe for numerous reasons beginning with the fact that the Turks are not Christians.

But let no one worry. As soon as Turkey's membership becomes profitable for Europe--and that will happen one day--they will know how to overcome even these emotional and cultural obstacles. Because the most fundamental element in the West's approach is, very justifiably, the quest for self-interest.

The Turkish attitude, on the other hand, is based on exactly the opposite approach, one that is full of emotion and complexes rather than the quest for its own interests which is distressing, pathetical, depressing and revolting.

We must hammer down some things into our heads. First of all, let us understand that the place to answer the question "Are there human rights and democracy in Turkey?" is not the EEC, but the Council of Europe. It is true that the EEC is as much an economic community as a collection of nations who agree on the fundamentals of democracy and human rights, but that does not mean that countries which are not members of the EEC do not have democracy and human rights. One example is Sweden.

By European standards, Turkey obviously has problems on the issues of democracy and human rights. But the EEC is not the place to argue about and to get endorsements on these issues.

Moreover, membership in the EEC is not a guarantee for either democracy or human rights. We can create the only and true safeguards for them within ourselves.

Secondly and more importantly, membership in the EEC is above all a matter of calculations and bookkeeping and should not be turned into a fait accompli because of emotional complexes.

But if Turkey will insist on begging, then let no one doubt that those who can make correct calculations on the issue of self-interest also know how make us pay the bill for our begging: "So you really want to enter. Then give us this and that; say yes to this; agree to this..."

For example, agree not to raise any disputes over the Aegean.

For example, give up Cyprus.

Are these the bills we are willing to pay for the sake of snobbery, saying "mon cher" and boasting "we are also Europeans" like stupid elderly women?

Because, otherwise, it is not very rational for a country which has as close ties to the Middle East and the Islamic world as the West to give up, knowingly and by its own volition, the advantages that can be gained from this bidirectional position and to hitch itself to the tail end of a rich men's club. This is a rich men's club which is slowly going beyond being just an economic community and moving toward political integration. Are we going to join them when they spit on Libya and curse Iran?

Even worse, what right do we have to tie the fate of the man in Anatolia--which we have not been able to develop properly--to the fates of men in Brussels, Paris or London? Or more explicitly, what right do we have to allow them to be exploited by the Europeans?

This is a decision on which the curse may last for generations.

9588
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SIGNIFICANCE OF CHANGES IN CHAMBERS LAW EXAMINED

Istanbul DUNYA in Turkish 15 May 86 p 4

[Summation of open forum on amendment of Law No. 5590 on Chambers and Exchanges, held at Etap Istanbul Hotel by panel moderator Fasih Inal; date not given]

[Text] Examined objectively, Law No. 3277 which amends Law No. 5590 on Chambers, Exchanges and Associations does not seem to be filled with unconstitutional clauses as is commonly believed. There are uncertainties on some points, but in general there are no big deficiencies.

The most important change brought by the amendment is the introduction of the "councils," a new institution that will go between the chambers and exchanges and the Turkish Union of Chambers [TUC]. It is understood that the councils will more or less take over the functions of the professional committees in the chambers and exchanges.

It also appears that the councils have been introduced to prevent the disproportional representation of various sectors during elections for the TUC Executive Council. Under the current system, the inverse relationship of capital and numbers between industry and commerce chambers in particular is having an adverse effect on elections, and the chambers of commerce have exploited their numerical superiority to dominate TUC elections.

Under the new implementation, chamber and exchange councils will be elected for terms of 4 years, and council chairmen will take turns as the President of the TUC General Assembly. However it is not clear how 5 council chairmen will serve 1 year each as general assembly president over a term of 4 years. One is almost tempted to say: "Let each one serve for 9 1/2 months." Consequently, unless this issue is clarified further--and that is no longer possible--it will have to resolved through gentlemen's agreements, and the president of the fifth council will probably have to serve as the first the General Assembly President of the next term. We cannot think of any other options, but the experts on this topic can perhaps find another way.

Other than these, the most notable changes in the law are with regard to provisions on professional committees. The first change concerns the large chambers. According to the change, in chambers with more than 10,000 members, the professional committees will consist of 5, 7 or 11 members. In addition, professional committees in such chambers will be able to send 2 or 3 delegates to the general assemblies. This may change the general assembly picture of the large chambers significantly.

Another important article stipulates that those elected to assembly membership can serve in only one of the assemblies of chambers or exchanges with the same area of activity. At first glance, the article gives the impression that an individual cannot serve in the assemblies of two different chambers of exchanges. But the phrase "same area of activity" obfuscates the issue. Because neither commerce nor industry chambers nor securities exchanges are involved in the same areas of activity as each other. Those which are in the same area of activity--and that by a long shot--are, for example, the Istanbul Chamber of Industry and the Adana Chamber of Industry. In other words, an individual is perhaps barred from serving in the general assemblies of two chambers in two different cities. But if you ask us, this provision will not work very easily. In any case, how many individuals are there in such a position?

One important provision is that members of executive councils will not be able to serve in that capacity for more than 10 years. As a result of this provision, we may see changes in the faces we have been accustomed to in executive councils. However, in the case of this provision one may ask: For example, can an individual who has served in the Executive Council of the Istanbul Chamber of Commerce for 10 years be elected to the Executive Council of the Istanbul Chamber of Industry?

It is seen that this provision was watered down afterwards. Because before the enactment of the bill, the provision "they cannot be elected before one electoral term has passed" was added on. Thus, old-timers have the chance of getting elected again after one electoral term has passed.

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POLITICAL ALIGNMENTS REPORTED IN CHAMBER ELECTIONS

Istanbul TERCUMAN in Turkish 29 May 86 p 13

[Text] Ankara--The ordinary general assembly meeting of the Turkish Union of Chambers [TUC] will begin at the Akun Theater today. The meeting will last 3 days. Most of the 992 registered TUC members are expected to attend the meeting.

"Anteroom activity" is already intense in connection with the elections to be held on "the last day" of the meeting.

The chambers of commerce and industry, joint chambers of commerce and industry and maritime commerce chambers are trying to determine the delegates they will send to the councils that they have to establish by law. The councils, consisting of 123 members, will elect 9 of the 15 members of the TUC Executive Council. The remaining 6 members will be selected from among the council delegates, also by the councils.

According to information leaking from anterooms, the election of certain individuals to the 30-member council to be formed by the chambers of industry seems to be certain. Some of the names mentioned include: Ersin Faralyali, Ali Coskun, Mumin Erkunt, Ali Naili Kubali, Rona Yircali, Feridun Alpat and Ibrahim Bodur. It is rumored that a basis of compromise has been reached on electing Ibrahim Bodur as council chairman.

The chambers of commerce, the joint chambers and the maritime commerce chambers are continuing their work to determine their council delegates.

Who is Whose Candidate?

It is the impression of TUC circles that Ersin Faralyali and Ali Coskun, whose names are mentioned as possible candidates for election to the Executive Council from the councils, are "close to the government" as representatives of the liberal right. It is said for Ali Coskun: "At the time Yazar resigned his position as [TUC] president, Turgut Ozal insisted that he [take over.] They have had very cordial relations since old times."

President Ersin Faralyali is another candidate supported by the large industry and commerce chambers. However, it is said that Faralyali's chances of being elected TUC President for another term are slim because of his failure to block the changes imposed by the government in the Chambers Law and his "inability to defend the interests of TUC because he is not in Ankara very often."

It is also said that Feridun Alpat is being groomed as the candidate of the Correct Way Party and that "Gungor Yener has had close ties to [former Prime Minister Suleyman] Demirel for a long time."

The elections will be held on the last day of the assembly meeting. The 15-member Executive Council to be elected will elect the TUC's president at a meeting it will hold later on.

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FIRST STATE ENTERPRISES PICKED FOR PRIVATIZATION

Istanbul DUNYA in Turkish 28 May 86 pp 1,9

[Text] Ankara--The Morgan Guaranty Bank of the United States, which prepared the project for the privatization of State Economic Enterprises [SEEs], has completed its most recent report. The report will be reviewed at meetings to be held on 29 and 30 June and to be attended by Prime Minister Turgut Ozal.

The Morgan Guaranty Bank's latest report covers the implementation program of the privatization project, the goals of privatization, the general plan of action and actions with regard to the SEEs that will be privatized first.

The report states that no serious obstacles remain to begin the privatization program and that the government must begin work to sell Turban, the Turkish Airways and Usas as well as some corporations associated with Citosan and Yemsan in the next 2 years. Noting that successes achieved in the first implementations can have a major influence on the establishment of confidence in the concept of privatization, the bank report asks for the immediate start of the implementation phase.

Noting that administrative work in most SEEs is run by contract personnel, the report states that they have been provided very few incentives. The report says on this issue:

"The training and attitude of administrative-level personnel in SEEs are not suitable for running an enterprise with profit goals. The salaries and promotion of senior administrators must be commensurate with the success of the enterprise. Also, as the government has suggested, civil servants employed in SEEs must be encouraged to abandon their status of civil servants. In order to affect such a change, legal arrangements must be made to protect the rights of these civil servants. These civil servants must keep their civil service retirement benefits and must be given compensation, bonus and promotion opportunities."

The report points to the need to rid commercially-oriented SEEs--as opposed to those which provide public services--of government subsidies and such social functions as the artificial creation of jobs and to operate them on fully commercial principles, adding that the proposed personnel and administrative reforms will help to raise the productivity of the SEEs. Noting that changing the ownership of the SEEs will not void the government guarantees for their debts, the report says that this issue must be made a bargaining point during negotiations with organizations wishing to buy or to lease the SEEs.

Termination of Employees

Stating that the SEEs slated first for privatization do not have an excess employment problem, the report says that SEEs which have this problem have been divided into two categories: those which are candidates for privatization and those which are candidates to remain in the government sector. The report says on the issue of excess employment: "From a macroeconomic standpoint, the excess employment in the SEEs is not significant compared Turkey's general unemployment problem. In reducing employment in the course of the restructuring program to be implemented, natural methods must be used such as first terminating those whose retirement is pending. In addition, the early retirement option must be introduced. In the first phase, those who wish to resign without being forced must be terminated. Those terminated must be given generous financial compensation. SEEs whose continued operation is seen suitable in some regions must be given support. In such cases, the consumers and not the SEEs must be subsidized."

In its last section, the report enumerates SEEs with the highest priority for sale and explains implementation plans for the SEEs to be sold first. The 32 SEEs reviewed are divided into 62 operational categories and examined for their economic value and investment needs. The report reviews market surveys, future demand trends, the SEEs' prospects of competing internationally and their financial performance. The report also states who the prospective buyers may be and what sales procedures may be used for the SEEs, which are categorized as "first priority," "second priority" and "third priority." The report lists Turban, the Turkish Airways and Usas as well as some corporations associated with Yemsan and Citosan as first priority SEEs to be sold. Tigem, the Turkish Petroleum Corporation [TPAO] and Etibank are also included in this group. The report proposes to make TPAO a holding company with two subsidiaries, one consisting of Botas and the other consisting of Tupras and the Petroleum Office. The report says that revenue-sharing bonds may be issued for Botas. The report proposes that Etibank, too, be turned into a holding corporation and states that profitable operations such as borax and chromium processing plants may be sold by floating stock shares and that the aluminum processing plants may be leased.

The second priority group in the report includes: Sumerbank; the Turkish Milk Industry Organization; the Post, Telephone and Telegraph Administration; the Turkish Electric Power Enterprise; the Meat and Fish Association; the Turkish Coal Works; the Machine and Chemical Industry Establishment; the Turkish Shipbuilding Industry; the Forest Products Industry; the Tea Producers' Organization; Turkish Sugar; the Turkish Cellulose and Paper Factories; the Petrochemical Corporation; Tugsas; the Turkish Iron and Steel Works; Asok and the Turkish Stone Corporation. Third priority SEEs include: the State Equipment Office; the Turkish Maritime Trade Enterprises; the Turkish State Railways; the State Airfields Enterprises; the Soil Products Office; TZOK [expansion unkown] and the Turkish Aircraft Industry Corporation.

The report, which proposes special implementation plans for the first SEEs to be sold, says that Usas, Turban, the Turkish Airways, Citosan and Yemsan can be sold to domestic and foreign firms. The report proposes that the monopoly status of Usas be ended in two years and that the agreement with the State Airfields Enterprises be reviewed, adding that Turban may be merged with domestic or foreign tourism firms or could be directly sold. The report states that the Turkish Airways could be sold to investors in the Turkish and international capital markets, foreign airlines and Turkish Airways employees by floating stock shares or management agreements could be reached with foreign firms. The report proposes that Citosan's factories in Western Turkey could be sold individually or in groups to Turkish or foreign cement firms and adds that factories in the east must be improved to be sold later.

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FRENCH FIRM PROPOSES TO BUILD EUROPE-ASIA TUNNEL

Istanbul HURRIYET in Turkish 28 May 86 pp 3,21

[Report by Atilla Dagli]

[Text] Immediately after the first steps toward the improvement of relations between Turkey and France, the well-known French firm Bouygues submitted a proposal to the Istanbul Metropolitan Municipality to connect the European and Asian banks of the Bosporus by an underwater tunnel. In their proposal to Istanbul Mayor Bedrettin Dalan, officials of the firm offered to build the tunnel for FF 3.295 billion (around 329.5 billion Turkish liras) on a "build-operate-transfer" basis. Speaking about the "Bosporus Tunnel Project," which may be built without spending a single penny from City Hall coffers, Mayor Dalan said: "It is a very interesting proposal. We are examining it."

The world-renowned French firm Bouygues, which is building the world's longest submarine tunnel under the English Channel between the port of Calais in France and the town of Dover in Britain, came to Istanbul with an excellent proposal. According to the proposal, the tunnel between Sarayburnu and Semsipasa will be built in 3 years with French government loans. Feasibility work for the tunnel has been completed. The tunnel will be built by sinking concrete blocks 70 meters beneath the water. The total length of the tunnel will be 3 kilometers, while its underwater part will extend 1.2 kilometers. The tunnel will house three transportation lanes. The tunnel, which will have a special air conditioning system, will be 30.70 meters wide and 5.90 meters high. The tunnel will have one traffic lane for cars in each direction and a middle lane for a fast cable car or a train. One of the reasons for making the tunnel that long is the low incline needed for the cable car or train. Officials of the firm stated that they would like to operate the tunnel for 50 years and that, however, this is open to bargaining.

The project also includes entry and exit roads to and from the tunnel. The coastal road which begins in Eyup on the Golden Horn [European] bank will end at the entrance of the tunnel, 400 meters before Sarayburnu.

On the Anatolian bank, the underwater part of the tunnel will end in Semsipasa but it will continue over water until Harem because of the incline required for the cable car or train and will merge with highway E-5.

Interesting Proposal

Stating that the French proposal is the most interesting made in recent years, Istanbul Mayor Bedrettin Dalan said:

"The 'build-operate-transfer' formula, which we have used since we took office, has worked so well that everyone has been proposing to us on that basis. Most recently, the French came up with a proposal that is more difficult but cheaper than the Bosporus Bridge to build. They told us that they wish to build the Bosporus tunnel, which has been debated for many years. They have prepared a project for this. We will examine this project. If we like it we will accept it; if we do not, we will thank them for their effort. Today, foreign governments are competing with each other to lend money to the Istanbul municipality which at one time could not pay salaries. The project includes French government loans. It is interesting from that standpoint as well."

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COSTS, STATUS OF SECOND BOSPORUS BRIDGE DISCLOSED

Istanbul DUNYA in Turkish 28 May 86 pp 1,9

[Text] As the construction of the Second Bosporus (Fatih) Bridge--whose cornerstone was laid on 29 May 1985--completes its first year, work on the project continues with a rapid pace. So far $153 million has been spent and 1 million cubic meters of soil has been excavated for the bridge whose total contracted cost is $551 million. The Highways Directorate General has spent 20 billion Turkish liras for the condemnation of properties through which the bridge and 216 kilometers of autoroutes will pass.

Work on the Second Bosporus Bridge and the 216-kilometer autoroute network--whose cornerstone was laid on 29 May 1985 and whose construction was begun in December 1985--is proceeding on five construction sites of which two are on the Anatolian bank and three are on the European bank of the straits. The contracting consortium, composed of Turkish, Italian and Japanese firms, worked intensely during the past year mainly to procure financing, to determine the areas of responsibility of each firm and to complete the construction work in the 1,100 days promised. The Turkish firm, STFA, and the Italian firm, Impreglio, have excavated 1 million cubic meters of soil in the five sites they have been working on and are continuing their work on building installations for concrete mixing and rock crushing, equipment purchases and road construction. On 29 May 1987, the second anniversary of the foundation laying ceremony for the bridge, the bridge will be assembled. The steel tower components being built in Japan by the Japanese members of the consortium will be floated to Turkey at the end of the year. The bridge's steel cables were ordered from a British firm.

According to information given by officials of the Second Bosporus Bridge consortium, 80 percent of the construction equipment needed--which will cost a total of $103 million--has arrived in Turkey. The remaining deliveries are expected to be completed by the beginning of June. While work continues on the search for a solid rock bed to build the bridge's supporting towers, work on pouring concrete and laying asphalt on the autoroutes at the concrete and asphalt installations built on both banks is expected to begin in June. Stating that much more than the first $50 million advanced has been spent, consortium officials said that the administration of the project has not given them what they are owed and that they have used their own resources for most of the money spent on the project.

Meanwhile, the Highways Directorate General has completed the 20-billion-lira portion of the 30-billion-lira condemnation of properties on the path of the Second Bosporus Bridge and the 216-kilometer connecting autoroutes. All properties lying on a 70-kilometer stretch between Kinali and Mahmutbey and those between the 13th and 37th kilometer posts on the Anatolian bank have been condemned for 20 billion Turkish liras. Total condemnation costs of all properties will total 30 billion Turkish liras.

The Second Bosporus Bridge which was contracted for $551,261,000 to the STFA of Turkey, Impreglio of Italy and Ishikawajima and Nippon Kakon Mitsubishi of Japan will be completed in 1,100 days. The bridge will have four lanes in each direction and will span a distance of 1,090 meters between the two supporting towers.

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ECONOMIC TURKEY

CHEAP OIL, NEW PAYMENT SYSTEM AFFECT EXPORTS TO IRAN, IRAQ

SPO Report on Impact of Lower Oil Prices

Istanbul CUMHURIYET in Turkish 15 May 86 p 9

[Text] Ankara--A State Planning Organization [SPO] report says that real prices may increase if the relative decline in oil prices exceeds the inflation rate and currency exchange rate adjustments. Stating that oil price drops will cut the export income of OPEC countries, the SPO report insists that the countries most adversely affected by that development would be Turkey, Italy, Greece and Japan. The SPO report states that Turkey's foreign exchange earnings from exports of iron and steel products, textiles, apparel goods, agricultural and food products and contracting will be adversely affected by the decline in the incomes of oil exporting countries.

The report says that it would be impossible to compensate for the loss of exports to oil producing countries by increasing exports to OECD countries in the short term.

Noting that keeping oil prices constant at their 1985 levels is equivalent to discounting them by the inflation rate, the SPO reports adds:

"However, real prices would rise if the decline in the import prices of crude oil exceeds the inflation rate or currency exchange rate adjustments. The reflection of world oil prices in domestic costs will lead to cost differentials between Turkey and other countries. To compensate for this difference it will be necessary to adjust the currency exchange rates. Such a move will limit the means of cutting the inflation rate in the country. This development will also have an adverse effect on the inflationary expectations of economic decision agencies."

Effects of New Payment System to Exporters

Istanbul DUNYA in Turkish 15 May 86 p 3

["View" column by Uluc Gurkan: "A Fresh Blow to Exports"]

[Text] Turkey's exports will decline whether we like it or not.

Although the current international situation has been emitting signs of optimism, it is known that that same situation will exert adverse pressure on

Turkey and particularly on its exports to Iran and Iraq. In fact, we have already begun openly bowing to these pressures.

The Money and Credit Council was forced to take a decision which will largely end exports to Iraq. Until yesterday, in the case of exports on credit, exporters were paid the full value of their goods upon the completion of accreditation formalities, in accordance with agreements between the central banks of the two countries. As of yesterday, however, exporters began to be paid only 77 percent of the value of their goods in accordance with new regulations. According to the new system, 3 percent of the value of the exported goods will be excised for the Price Support and Stability Fund and the remaining 20 percent will be paid to the exporters when the full amount is collected from Iraq.

Whether the full value of the exports will be collected within a year--as was the practice so far--or whether it will be collected in two years, as Iraq has demanded, will be clarified at the end of the Turkish-Iraqi talks which are currently at an impasse.

Who can risk being paid so much later and export to Iraq? If one can do that, at what price?

The only chance of resolving this problem is to reinstate the former system of paying the exporters in foreign currency for their goods rather than pay them in Turkish currency as it is done now. Another way out is to offer very low interest loans for exports to Iraq.

Even if such preferential steps are taken to promote exports to Iraq--at the cost of opening gaping wounds in the current economic policy--will Iraq accept the higher prices which will be necessary?

The $1-billion Iraqi market, together with the equally large Iranian market, will inevitably shrink significantly as a result of the latest decision of the Money and Credit Council, which comes on the top of the weakening of the two markets of their own causes. Thus, it appears that the work of the Undersecretary of the Treasury and Foreign Trade, Ekrem Pakdemirli, who stated only two days ago in a written statement that the $8.3-billion export target--revised downwards from $8.7 billion--could be surpassed, will be more difficult. It appears that particularly in the case of Iraq, export losses will exceed a natural decline of $300-400 million and will assume proportions which cannot be compensated for in other markets.

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SALES TO IRAN, IRAQ DOMINATE IRON-STEEL EXPORTS

Istanbul DUNYA in Turkish 28 May 86 p 3

[Text] Ankara--It was determined that 83 percent, or $804.4 million worth, of Turkey's 1985 iron and steel exports--totaling $968.8 million--were made to Iran and Iraq.

Of that amount, $507.2 million worth of iron and steel products were exported to Iran and $297.2 million worth of goods went to Iraq.

In 1984, 69.8 percent, or $402.6 million worth, of a total iron and steel export volume of $576.4 million went to these countries.

According to the information obtained, iron and steel exports to Iran rose by 179.1 percent while those to Iraq rose by 34.6 percent over 1984.

Of the 40 different iron and steel products exported to various countries--mainly to Iran and Iraq--last year, 84 percent, or $811.6 million worth, were 6 items. Iron and steel bars topped the list of these products with $292.5 million. These were followed by plates with $143 million, formed iron and steel products with $129.8 million, piping with $120.4 million, profile iron products with $99.8 million and rolled sheet blanks with $26.1 million. The export value of these products totaled $472.3 million in 1984 with a share of 82.1 percent of the total iron steel exports.

Iron and steel exports (thousand U.S. dollars)

Country	1985	1984	Percent change
Iran	507,151	181,723	179.1
Iraq	297,215	220,850	34.6
Other	164,406	173,830	-5.4
Total	968,772	576,403	68.1

Share of Iran and Iraq in total exports: 83.03 percent.

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THRACE NATURAL GAS PIPELINE BIDS OPEN

Istanbul DUNYA in Turkish 6 Jun 86 pp 1,9

[Text] Bids will open on 17 June for the Thrace Natural Gas Pipeline that will be built for transporting the natural gas that will be bought from the Soviet Union. The 800-kilometer pipeline, on which four consortiums will bid, is expected to be completed and put into operation in 1 1/2 years.

Bids for the Thrace Natural Gas Pipeline were expected to open at the beginning of 1985 but this was postponed until now for various reasons. Although BOTAS (Petroleum Pipeline Shipping Corporation) officials promised at the time that the bidding date will be in 1985 and will not extend into 1986, the bidding will begin only this month. Four consortiums will participate in the bidding on 17 June. Turkish firms which have formed consortiums with British, Italian and French companies have completed their preparations.

One of the consortiums that will submit bids consists of the Atilla Dogan company--which built the Ipras-Haramidere Petroleum Pipeline--the Kutlutas company and two French firms, Ennepolte International and E.T.M.P. The E.T.M.P. will work on the 50-kilometer pipeline that will pass under the Marmara Sea. Another consortium that will submit bids on the Thrace pipeline is made up of Enka, Citiecapag of France, and Fluor and Brown and Root of Britain. The third consortium consists of Mannesman of FRG, Bonati and Gama of Italy and the Turkish firms Guris and Tokar. The fourth consortium that will bid on the Thrace pipeline is a joint venture between Tekfen and its Italian partners, Saipem and Siampragetti.

Bids on the 800-kilometer Thrace Natural Gas Pipeline which will be built with an investment of $400 million will be reviewed and a decision will be announced in 2 months after they are submitted. The Thrace pipeline whose construction is expected to begin in the autumn of 1986 will extend from Bulgaria border to Ankara.

The pipeline will begin in the Soviet Union, will enter Turkey through Bulgaria and will be connected to the Hamitabat Thermal Power Plant. After that, the pipeline will extend to Ambarli at which point it will continue under the sea. The pipeline will reemerge from the sea at Pendik and will continue over land until Igsas. Here it will once again go under the sea and will reemerge in Gemlik. From there it will go on to Ankara.

The Thrace Natural Gas Pipeline whose $400-million cost will mostly be financed by foreign loans will be completed 1 1/2 years after its construction begins and natural gas purchases from the Soviet Union will begin in mid-1988.

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NEW AGRICULTURAL POLICY PLANNED TO PREVENT OVERPRODUCTION

Istanbul HURRIYET in Turkish 29 May 86 p 4

[Report by Nursen Bulgun]

[Text] Ankara--The government has been forced to make new arrangements in the face of difficulties caused by [agricultural] overproduction. From now on, the government will put agriculture production "under discipline." Committees to be formed will determine and announce the quantity of each agricultural product to be needed for a given year. This way a more healthy supply and demand equilibrium will be established. The producer will know how much he can sell in the domestic and foreign markets and will adjust the quantity he grows accordingly.

Officials stated: "This way tomatoes and peppers will not be dumped into the sea. Tea and tobacco will not rot in warehouses. Citrus will not be used as animal feed." The officials said that this implementation will also insure price stability.

--The State Planning Organization [SPO] has begun preparing a draft bill entitled "Law on Agricultural Product Councils" at the instructions of Prime Minister Turgut Ozal. According to the bill, the establishment of the councils will be included in the government's executive plan. The councils will be empowered to determine the consumption quantity and the quality of agricultural products.

'Overproduction Alarming'

Osman Ozbek, President of the Turkish Union of Agricultural Chambers, stated that the draft bill being prepared by the SPO was proposed by his organization to the government last year. He said: "What is important is the law and not which organization prepares it. If this law had been enacted last year, this year we would have a planned policy on seed imports and the areas to be planted and consequently a planned production quantity and quality. We are afraid of a production explosion. We will not be able to sell our produce. There are no markets." Giving an example of this problem, Ozbek said: "Last year potato seeds were imported. We had a large crop. We asked the exporters to market the surplus, but it could not be done. Our crop was not the kind demanded in Europe. The potatoes we grew would crumble when boiled. They contained too much water and too little solid substance. If a market research had been conducted before the seeds were imported this would not happen."

--Meanwhile, Minister of Agriculture, Forestry and Village Affairs Husnu Dogan said that "soybean, sunflower, potato, cotton, corn, vegetable and fruit seeds are being imported and distributed to the growers." Dogan said that the seeds that were imported in January, February and March are high-yield and disease-resistant seeds. Noting that the imported seeds distributed to the farmers are subsidized, Dogan said: "With these imported seeds, this year we are expecting a crop of 905,000 metric tons of sunflower, 250,000 metric tons of soybeans, 4,000,000 metric tons of potatoes and 2,400,000 metric tons of corn."

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COLUMNISTS COMMENT ON TOBACCO DEREGULATION

Impact on Imports, Growers Examined

Istanbul MILLIYET in Turkish 29 May 86 p 10

["Thoughts of Thinkers" column by Professor Fethi Incekara: "Turkish Tobacco and Growers Are Being Dragged Into an Adventure"]

[Text] We have learned from the papers that with a motion submitted [to the President of the Assembly] the state monopoly on tobacco is being ended and that the sector is being privatized--that is it is being turned over to the private sector.

Apart from the issue of ending of the state monopoly over tobacco and the privatization of the sector, the main problem is the importation from overseas --or more exactly the United States--of Virginia and Burley-type tobaccos, needed for the American-type cigarettes to be manufactured by private factories that will be built.

For centuries, the Turkish State Monopolies Directorate General strongly opposed all efforts to import foreign tobacco and closed all doors against other tobacco producing countries in order to foster the growing, processing and export of our Oriental type high-quality tobaccos and to protect the source of income of nearly 3 million people, most of whom are growers as well as workers, civil servants and exporters.

Status Intact After 12 September

The Minister of Agriculture on the government cabinet formed after 12 September did not permit this status to be changed despite the pressures of American cigarette firms and local holding companies.

The issue was extensively discussed by the "Tobacco Research Subcommittee" which is affiliated with the "National Tobacco Committee," an official organization composed of experts from university agricultural schools, the Ministry of Agriculture, Forestry and Village Affairs and the State Monopolies Directorate General (particularly the Maltepe State Monopoly institutes). The report prepared for the government by the subcomittee was submitted to the National Tobacco Committee which approved it. The subcommittee's recommendations were:

--Measures must be taken to foster the further development and continued production of our world-famous Oriental type high-quality tobaccos.

--The Virginia and Burley-type tobaccos, the raw materials of the American-type cigarettes that are enjoyed by some smoking addicts today, must be grown in suitable areas in the country without importing a single leaf from abroad, and research and testing on this subject must begin immediately. To that end, it is recommended that:

a) Such tobaccos be processed in the new factories to be built (including private ones); and

b) The surplus be exported.

In fact, the problem is too broad and complex to be discussed in a small article here and is a national issue which has agricultural, economic and political ramifications.

Great Misfortune

Consequently, in my opinion it is a great misfortune for the country that such a courageous decision has been taken and a law has been enacted without consulting with competent organizations and experts on the subject and without examining the reports that have been prepared. The most rational and economic course would be to grow the large-leafed, higher-yield Virginia and Burley-type tobaccos in suitable areas in our country after proper research to meet the demand while continuing our traditional tobacco agriculture which is a source of income for poor farm families in poor lands which are not suitable for any other kind of agriculture. Everyone knows that Prime Minister Ozal can establish a fund for this purpose as well.

Getting dragged into an adventure which cannot be corrected in the future would not be such a great stride for the Turkish tobacco industry which earns as much foreign currency as cotton and fresh and dried fruits and for the Turkish farmer who grows tobacco with hard labor and great care.

The door must neither be completely closed nor completely opened; the most correct course is the middle one.

Tactics in Passing Tobacco Bill Seen as 'Trap'

Istanbul HURRIYET in Turkish 29 May 86 p 3

["Article of the Day" column by Oktay Eksi: "Midnight Trap"]

[Text] There are 3 million tobacco growers in our country. If you include those who consume and sell it, that number could reach half the population of the country.

This means that the "lifting of the tobacco monopoly" is an issue that is of interest to almost everybody. Furthermore, it is an important and complex issue. That is why, after many days of contemplation we could not decide whether the elimination of state monopoly over tobacco would benefit or harm our country. Consequently, we did not express an opinion about it.

An issue of such proportions was decided on without any debate at a midnight session of the Assembly two days ago.

The issue was not discussed or debated because the Motherland Party government simply outwitted the opposition. While another bill (that of the privatization of State Economic Enterprises) was being discussed, a motion submitted to the President of the Assembly was voted on and approved before anyone had a chance of understanding what it said; the motion appended the provisions of the draft bill on "Tobacco Monopoly," which was supposed to be discussed the next day, to the bill under discussion that night. Thus the opposition's prepared arguments and motions for the next day were nullified in a matter of seconds.

At first glance what was done is an ingenious move. In fact, one day prior to this event, Prime Minister Turgut Ozal had said: "We can stick the Tobacco Monopoly bill in this opposition." (Forgive us, but these are not our words.)

Therefore this game was previously planned. Apparently, that is what Ozal relied on. It was learned that after the Tobacco Monopoly bill was passed in the blink of an eye Ozal mocked the opposition by saying: "They still have not understood what happened."

But it is more important to understand the consequences of "what happened," that is the degradation of the Assembly debating procedures. It would at least help to find the real causes of the crises that may emerge tomorrow or the next day.

As is known, there are certain procedures with regard to the discussion of a bill in the Assembly. The only purpose of the bylaws that set these procedures is "to insure that the best decision is taken." One condition for taking the best decision is that no fait accomplis are attempted over any issues. Because if the procedures are followed everyone can express his thoughts on the issue being reviewed, and the assembly can find the correct way in the light of these views.

But the ending of the state monopoly over tobacco through a motion submitted during the discussion of another bill is, as Correct Way Party Assembly Group Leader Memduh Yasa stated, "so dangerous that it may eliminate any trust in the review process of bills." Once such a precedent is set it is possible, for example, to pass the Civil Law by appending its clauses to the Title Deeds Law with a sleight of hand. At the minimum, such a precedent could enable a government lacking good will to blow up the foundations of our legal system by a single stroke.

The main drawback of the opening of this course is the prospect of eroding of the Assembly which is the representative of the national will and transforming from being the main element of decision making into a show.

But let us admit that this "midnight trap" successfully set by Ozal for the opposition is not the first of its kind, but the second.

In the first incident, Mr Ozal legalized the institution of "financial consulting" by appending a clause to the tax laws.

One wonders when the opposition, which remained silent the first time and did not wake up the second time, will learn that Mr Ozal is not an easy opponent to contend with.

9588
CSO: 3554/93

BRIEFS

CUKUROVA WHEAT HARVEST--The harvest of early-sown wheat has begun in fallow and high altitude areas of the Cukurova region. The harvest on the plains will begin in the last week of May. Adana Chamber of Agriculture President Nedim Girmen said the harvest has begun in the normal season as in previous years. He said: "In 1985, 3.1 million decares were planted and a crop of nearly 100,000 metric tons was harvested. Although this year the planted area was increased by 200,000 decares to 3.3 million decares, the crop yield is expected to drop by 10 to 15 kilograms per decare. The average wheat crop yield in the region will be around 250 kilograms per decare." Stating that 1,000 and 1,500 combines will be employed in this year's harvest which is expected to be completed by mid-June, Girmen asked the producers to use combine operators who have received achievement awards in order to minimize grain losses. Noting that the increase in the area of land planted with wheat this year was caused by the high cost of cotton farming, Girmen said: "Because of their financial difficulties, the growers began planting wheat--which has lower growing costs than cotton--and secondary crops." [Istanbul DUNYA in Turkish 14 May 86 p 6] 9588

CUSTOMS EXEMPTIONS LIFTED--Laws exempting public agencies from all customs and stamp duties and fees have been abolished. The law ending the exemption of public agencies from customs duties was published. According to Law No. 3283 which was published in yesterday's edition of the Official Gazette, all customs duty exemptions granted to public agencies and organizations including municipalities, public service corporations and their affiliated partnerships and organizations, private organizations, real persons and corporate bodies by laws establishing such organizations as well as by other laws have been abolished. The law preserves the provisions of laws 261, 474 and 933 which authorize the Council of Ministers to make decisions regarding customs duty exemptions. According to Law No. 3283, the Council of Ministers will be empowered to decide on the reinstatement of customs duty exemptions for public agencies and organizations, public service corporations and their affiliated partnerships and organizations, real persons and corporate bodies which were previously granted exemption from customs duties by special laws. However, goods that have arrived at customs stations, which have been financed with foreign credit, which have already received import permissions and which have been paid for before 13 June, which is the date the new law goes into effect, will remain exempt from customs duties. [Istanbul DUNYA in Turkish 14 May 86 pp 1,9] 9588

DAMS TO END ISTANBUL WATER SHORTAGE--It has been disclosed that Istanbul's water shortage problems will end with the completion of four dams, two of which are under construction and two of which will begin construction soon. With the new dams, the amount of water pumped to Istanbul will increase by 1.3

million cubic meters a day to 2 million cubic meters a day. Officials stated that the Buyukcekmece Dam, whose construction was begun in 1984 and which will be completed at the end of this year, will pump 350,000 cubic meters of water a day. The officials stated: "In addition to the Buyukcekmece Dam which will cost 35 billion Turkish liras, the Darlik Dam, whose construction was begun this year and which will go into operation in November 1987, will pump 300,000 cubic meters of water a day. Together with the Kucukcekmece Dam, which will be contracted in 1986, and the Isakoy Dam, whose cornerstone will be laid in the beginning of 1987, these dams will solve Istanbul's water shortage problem." Officials of the Istanbul Metropolitan Municipality, who stated that Istanbul's water shortage problem will be completely solved by the end of 1987, said that in addition to the construction of dams they are spending 400 billion Turkish liras to repair existing distribution networks, reservoirs, purification installations, pipes and pumping stations. [Istanbul HURRIYET in Turkish 14 May 86 p 19] 9588

TRADE SURPLUS WITH ISLAMIC COUNTRIES--The decline in crude oil prices has turned trade with Islamic countries in Turkey's favor. While in the first 3 month of last year Turkey had a trade deficit of $169 million with these countries, in the corresponding period of this year it had a surplus of $97 million. The most negative development in foreign trade occurred in commerce with EEC countries. Turkey's trade surplus of $3.8 million with these countries in the first 3 months of 1985 turned into a deficit of $321 million in the corresponding period of this year. In other words, in the first 3 months of last year Turkey exported $101.6 worth of goods to the EEC for each $100 worth of goods it imported from them. In the corresponding period of this year, Turkey exported only $70 worth of goods for each $100 worth of goods it imported. Turkey's trade deficit with socialist countries rose from $38.7 million in the first quarter of last year to $70.7 million in the corresponding period of this year. Turkey's trade deficit with countries other than Islamic, OECD and socialist nations also rose compared to 1985. The trade deficit with such countries rose from $68.8 million in the first 3 months of last year to $185.4 million in the corresponding period of this year. [Istanbul DUNYA in Turkish 28 May 86 p 3] 9588

CHANGES IN PAYMENTS FOR WHEAT--The government decided to pay 60 percent in advance and 40 percent 2 months later in wheat purchases. The government will pay a little more than 20 percent interest on delayed payments. The government also decided to allow the farmers to use the 40-percent accounts receivable document against their debts to the Agricultural Bank. The Soil Products Office and the Agricultural Bank have reached an agreement on this issue. According to the information obtained, the Soil Products Office will give the farmer a document for the 40 percent owed to him for wheat purchases. When the farmer presents this document to the Agricultural Bank, the bank will cancel the farmer's debt in the amount shown in the document. However, the farmer who does not have any outstanding debts will not be able to cash this document at the Agricultural Bank. Thanks to the document the farmer with outstanding debt will no longer have to make cash payments to the Agricultural Bank and will be able to use the 60 percent cash payment for his needs. Meanwhile, farmers who deliver wheat to the Soil Products Office in June will be paid 80.80 Turkish liras per kilogram. The 40-percent delayed payment will be computed over 83.20 Turkish liras in August and 84.20 Turkish liras in September. Soil Products Officials stated that this translates into an effective interest rate of a little more than 20 percent and that the term "current prices" refer to these numbers. [Istanbul HURRIYET in Turkish 29 May 86 p 16] 9588

CSO: 3554/93

ARMED FORCES STUDYING REPLACEMENT FOR RED EYE MISSILES

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jun 86 p 80

[Article by Nils Eric Boesgaard: "Ten-Year Studies Before Purchase of New Missiles for Armed Forces"]

[Text] The armed forces are not in too great a hurry to purchase new materiel, but it is also to last for a period of 25 years.

No one will say that the armed forces act rashly when they go shopping. "It takes between 5 and 10 years to make the final decision," Lieutenant Colonel V.D. Nielsen says, who is chief of the Armed Forces Command Materiel Staff Planning Section.

It is the materiel staff which in the course of the late summer or fall is to make the final decision regarding from where the armed forces are to order 14 million kroner worth of new personnel-borne missiles for the close-range air defense system.

It was these missiles which resurfaced earlier in the week when it was reported that the American congress at the recommendation of President Ronald Reagan had given permission for the exportation of 336 Stinger missiles to Denmark.

Aside from the fact that permission had been given, the story was incorrect. In part, the Danish armed forces have not yet decided to purchase the Stinger missiles, and in part it is not a question of 336, but of a far greater number.

"We have not decided which missiles we will buy, but it is no secret that our interest is now concentrated on four types," Lieutenant Colonel V.D. Nielsen says. They are the Swedish Robot 70, the English Star Streak, the French Mistral and the American Stinger.

The new missiles are to replace the 20-year-old Red Eye missile, which is to a great extent obsolete; among other things, it cannot hit an enemy plane from in front or from the side, but rather directs itself toward the hot exhaust, with the result that it first reaches the target when the plane is on its way off after having done what damage it could.

When the final decision regarding the new type of missile is at hand, the manufacturer will be requested to send an "LOA". That is, a Letter of Offer and Acceptance, or a price bid together with a purchasing contract.

"There are two things the armed forces base their purchases on. They are, in part, an assessment of the threat from outside. That is, how necessary the procurement is for the fulfillment of the armed forces' mission, as this is defined in the defense draft. In part, how much money there is at our disposal."

"If, for example, as now, it is a question of a new close-range air defense system, then on the basis of the defense draft a draft is made for the army, and within the army, in turn, a draft for sections, for antiaircraft defense, for example."

"When the mission has been described, a study panel is appointed. This includes representatives of the service, the service staff, the service's materiel command, the Armed Forces Command and specialized schools in the field, which begin to assess the possibilities, right from rifle grenades to missile-armed helicopters."

"To begin with, the panel works out the ideal solution. As a rule, this proves to be too expensive. Then we proceed to assess what it would be possible to get on three realistic economic levels: That we figure we will be able to afford. Something which is a little less expensive. And something which is a little more expensive."

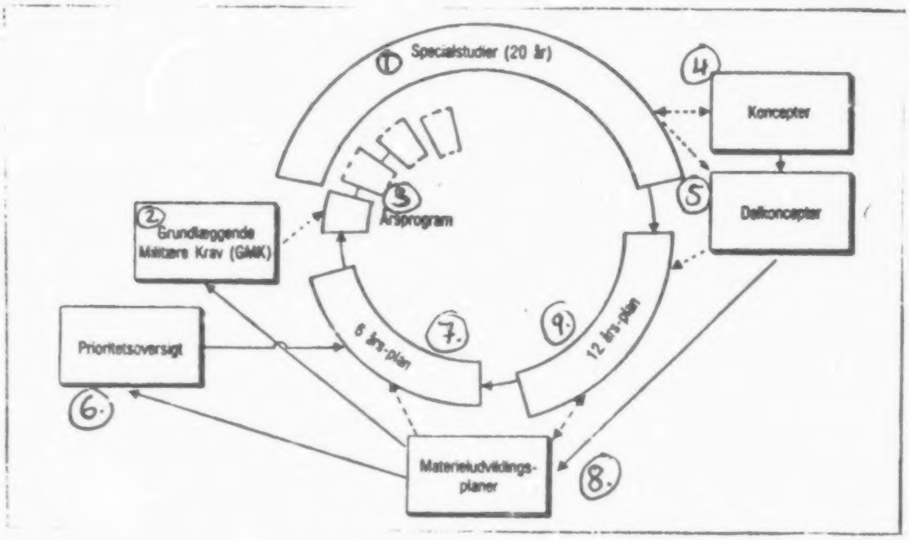
"It takes a long time. For example, we have worked for 10 years on the army's close-range air defense. It has been discussed back and forth. Reports have been developed for the research service. The Armed Forces Command has looked at them. They were sent for a hearing at the Materiel Command, and they were compared with comparable studies in other NATO countries."

"When the Armed Forces Command has accepted the study panel's proposal, they start to work out the basic military requirements (GMK's). These are a set of technical specifications which describe precisely what is needed and what the Materiel Command can use in its inquiries to manufacturers. If it is a question of a missile, for example, they will ask about its speed, range, how high it will be able to fly, whether it can engage planes from in front and from the side, or from what distance it can see a helicopter."

The December Package

"Now a prefatory market study is begun, in which the bids we receive become a little more binding for the firms, which at the same time will be required to present a detailed description as to whether the weapons live up to the requirements and of what they cost."

"When the information is at hand, the technical assessment of the prefatory market study follows, and we are now far enough ahead that we can begin to apply for an appropriation. In principle, the armed forces gather all appropriation petitions to the Defense Ministry in a so-called December Package, which then ends up in the Finance Committee."


①
Specialstudier (20 år)
4
Koncepter
5
Delkoncepter
2
Grundlæggende Militære Krav (GMK)
3
Årsprogram
Prioritetsoversigt
6.
6 års-plan
7.
9.
12 års-plan
Materieludviklings-planer
8.

The diagram shows the procedure for the armed forces' materiel procurements, which often stretches out over a very long term of years. The top semicircle shows longterm planning. The two quarter-circles, more detailed materiel trends, and annual programs, where they really begin to formulate the basic military requirements (GMK's) for new procurements.

Key:

1. Special studies (20 years)
2. Basic military requirements (GMK's)
3. Annual program
4. Drafts
5. Partial drafts
6. Priority survey
7. Six-year plan
8. Materiel development plans
9. Twelve-year plan

"When the appropriation is at hand, the final decision-making process is begun," Lieutenant Colonel V.D. Nielsen says, and concludes: "This includes the choice of weapon, contract negotiations, negotiations regarding subcontracts by Danish industry, an assessment of how large a crew the use and maintenance of the weapon will require, and of which repair and depot facilities will be necessary. The final ordering of the weapon selected takes place first when these concluding studies are in place." This can appear slow, but it must be remembered that the system will perhaps have to last for a period of 25 years, and that each missile costs a half million kroner.

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CSO: 3613/159

OSTERGAARD COMMENTS ON OUTLOOK FOR SECURITY POLICY CONSENSUS

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jun 86 p 14

[Article by Thorkild Dahl: "'Security Policy Consensus Will Strengthen Denmark's Standing'"]

[Text] The Folketing's special security policy committee will conclude its two-year job in November. The committee's chairman, Knud Østergaard (Conservative Party), hopes that the work will be able to eliminate the sarcasms between the government and the Social Democratic Party.

A common Danish position from all parties on foreign and security policy is of great importance for Denmark's standing in the world. The lack of consensus is now making it so that the good-will which Denmark needs in the international context is on the wane.

This is what the chairman of the Folketing's provisional security policy committee says, Conservative Group Chairman Knud Østergaard, and he adds that he hopes that Denmark will again be able to go to meetings between prime ministers, foreign ministers and defense ministers that have 85 percent of the Folketing, and thereby the people, behind defense and security policy viewpoints. This created respect earlier, although Denmark was low in the percentage of the gross national product which went to defense.

The political efforts toward a foreign and security policy truce will continue in September, and Knud Østergaard reports that the government parties and the Social Democratic Party have agreed regarding the procedure for submitting the report, and that the work will be finished before December.

Confidence in the Committee

"The big question is whether we can deal with the Social Democratic Party. I have placed emphasis on the fact that there is a good climate with confidence and kindness. This has to do not only with viewpoints, but also with the desire to negotiate and the understanding of the wishes of others. We have had reasonable and sensible relations with the Social Democratic Party," Knud Østergaard says, and he points to the fact that the lack of consensus of recent years has made it so that "the good-will Denmark needs in the international context is on the wane, and we have to change this."

Knud Østergaard hopes that two years of work in the committee can eliminate the sarcasms between the government parties and the Social Democratic Party, although a lack of consensus will presumably continue to exist, too, in important security policy questions.

"We will have the political debate in October and November, and political developments out in the world will play a role, but there is also a climate within. On the part of the government parties, we must find a solution together with the Social Democratic Party. We can certainly not deal with the Socialist People's Party (SF). Nor with the Socialist-Left Party (VS) and the Radical Liberals either. There is no basis for this."

"The big question is then whether we can deal with the Social Democratic Party. We experienced before, I will not say anything comparable, but I recall the period when the VKR [Liberal-Conservative government] came in 1968, and the Social Democratic Party felt deserted by us, and when they started in opposition to conduct an opportunistic policy and, among other things, presented a proposal with Kjeld Olesen as spokesman with four months of service time. This was a totally new defense system in comparison with what had been agreed on up to then. And nevertheless we got to work ourselves away from it. This was a time when what the Norwegian and West German Social Democrats thought played a role," Knud Østergaard says.

Relations with Allies

[Question] The committee work is progressing peacefully, but in the House of the Folketing there have concomitantly been 20 settlements with resolutions which went against the government. Where do the serious points come in the concluding work?

[Answer] "There are some considerations it is not really possible to get around. It remains in question whether Danish soldiers or West German soldiers are to defend Denmark's southern border, and whether Zealand is to be left to itself or is to continue to count on its belonging to the NATO area."

"Therefore I also believe that when we enter the concluding stage it will be to a large extent the relations with our allies which will come into the center of the discussions. For our part, it is the reinforcements problem area which is the central one. Then this can be associated with nuclear weapons and the North as a nuclear-weapons-free zone, because it is my opinion that NATO cannot begin to draw the distinction that forces are to behave in one fashion in Denmark and another in Norway and a third in Central Europe. It is an element of NATO's strategy that nuclear weapons enter in. If we place ourselves outside all this, then we are not behaving as an equal partner in the NATO context. And here then we are near the crux of the matter, for our entire system is based on surveillance, intelligence, preparedness, and the development of our own might, and, ultimately, that we can call in forces from outside. If we cannot do this on an equal footing with everyone else, then we are not occupying the same place. This is the crux of the matter," Knud Østergaard says.

[Question] Will it be possible to work further without there continuing to be settlements with countless inquiry debates and resolution motions?

[Answer] "No, not as long as the SF and VS are in the Folketing. But if the Social Democratic Party, on the other hand, to some extent commits itself to a joint policy in a number of areas with the government parties, it will be hardly so interesting for the Socialist People's Party and the Socialist-Left Party to put on a show, and the Social Democratic Party - Socialist-Left Party coalition will fade into something questionable."

Social Democratic Party (S) and Socialist People's Party (SF) Are Jealous

[Question] But at the same time as the government parties and the S are seeking agreement, the S-SF coalition appears, and the SF is identifying itself with a totally different security policy line regardless of the movements, not so?

[Answer] "I do not think that this is my problem. There is much talk of a socialist majority and a socialist government. There is no one who hates one another as much as the S and SF, and there is no one who is as jealous of one another to the same degree as the S and SF. The worst thing that has happened in the Social Democratic Party's history is that they have gotten a rival for the entire labor movement and for the entire socialist wing, and accordingly up to now they have sought to smother it in love. The more they do this, the more they legitimize the SF, and the bigger the problems become for themselves. For this reason I believe then that one fine day it will dawn on them that this is not the way out. That Social Democrats must continue to be social democratic. A large part of their votership is, and if the Social Democratic Party does not see this, then they will reduce the Social Democratic Party to a little or medium-sized party which is of somewhat the same size as the SF."

8831
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VALMET TEST FLIES TROUBLE-PRONE L90TP TURBOPROP VINHA TRAINER

Helsinki HELSINGIN SANOMAT in Finnish 3 Jul 86 p 9

[Article by Jyri Raivio: "Turbovinha Flying Again, Test Flight Program Conducted in Secret"]

[Text] Kuopio--The test flight program on Valmet's second L90TP Turbovinha aircraft was begun in secret in Kuorevesi's Halli.

The first flight took place last Tuesday, and more than a dozen test flights were conducted in secret in two days. During that time the company's Chief Test Pilot Ari Piippo did not find any defects worth mentioning.

The first Turbovinha crashed during a test flight in Halli in the spring of last year. One of the Air Force's most experienced test pilots, Lieutenant Colonel Paavo Janhunen and test flight engineer Juhani Jaaskelainen perished along with the aircraft, which crashed through the ice for reasons still unknown.

Soon after the accident Valmet made a decision to continue the program and build another prototype. The aircraft, to which several aerodynamic changes were made in comparison with the first prototype and which is also equipped with an emergency escape system for the pilot, performs in all respects as designed according to Piippo, and for the time being at least no need was found for any major changes.

Farnborough Is Goal

Piippo, who was transferred to the services of Valmet from the controls of a MiG 21Bis jet destroyer aircraft at the Karjala Flight Detachment in Rissala, will fly the Turbovinha to England in the beginning of September to participate in the Farnborough Air Show. Before that, however, a so-called experimental airworthiness certificate, the procurement of which was the objective of the first test flights, will be obtained from the Finnish Aviation Administration for the experimental aircraft.

Before departing for England Piippo must also practice all the flight movements to be presented at the air show and required by the show's organizers.

They include, among other things, a spin, which is like the uncontrollable flight condition that resulted in the unfortunate fate of the Turbovinha's first prototype.

Valmet intends to be a serious participant at Farnborough. For the purpose of selling the Turbovinha the company has hired its own marketing chief and for the first time is now also using the services of an advertising agency in the sales promotion of the aircraft. Valmet will sell this new aircraft, designed as a training aircraft for the Air Force, on the international markets under the name of L90TP Redigo.

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ITALIAN, BRAZILIAN FIRMS DEVELOP AMX ATTACK AIRCRAFT

Rome SCIENZA DUEMILA in Italian No 6, Jun 86 pp 79-82

[Article by Alberto Mondini: "A New Achievement; AMX, A Forward-Looking Aircraft"]

[Excerpts] The test pilots are very enthusiastic about it: Egidio Nappi and Napoleone Bragagnolo of Aeritalia, Franco Bonazzi and Riccardo Durione of Aermacchi, and Luis Cabral of Embraer have nothing but praise for the AMX, which is easy to handle, responsive, and equals or exceeds specified performance levels through all stages of flight.

This aircraft, which is two-thirds Italian and one-third Brazilian, is a new achievement in the history of cooperation between the Italian Air Force and industry. First of all, it is not a "fighter" but an attack aircraft designed to give tactical support to ground forces. It is able to defend itself against air attack; that is, it is armed with cannons and air-to-air missiles which enable it to engage in air combat with a fair chance of victory.

The AMX is provided with all the avionics indispensable for the performance of its mission in a difficult environment, where electronic measures, countermeasures, and counter-countermeasures overlap one another invisibly, and where it is necessary to hedgehop, find a target, and hit it. In this respect, the AMX avionics are a step forward even when compared to the Tornado in terms of navigation/attack systems (to assure effectiveness with a single pass over the target) and with regard to the electronic flight controls. As on the Tornado, they are the fly-by-wire type; that is, the information relating to the pilot's commands is transmitted from the control column to the different actuators through electrical signals, although on the AMX the controls are of the analog-digital type. The latter afford greater flexibility, especially in the horizontal tail surfaces (where the equilibrator is located, which at one time was known as the "elevator"), and also because of the multiple functions performed by the spoilers: gust attenuation, reduction of lift and aerodynamic braking in coordination with the wing flaps which are also used in maneuvering), and transverse control in coordination with the ailerons. The central computer control, which is the brain of the flight control system, is the product of cooperation between Aeritalia and the British company, GC Avionics, formerly Marconi Avionics. It is set up for connection to an automatic pilot which will not be able to replace the human pilot but only assist him.

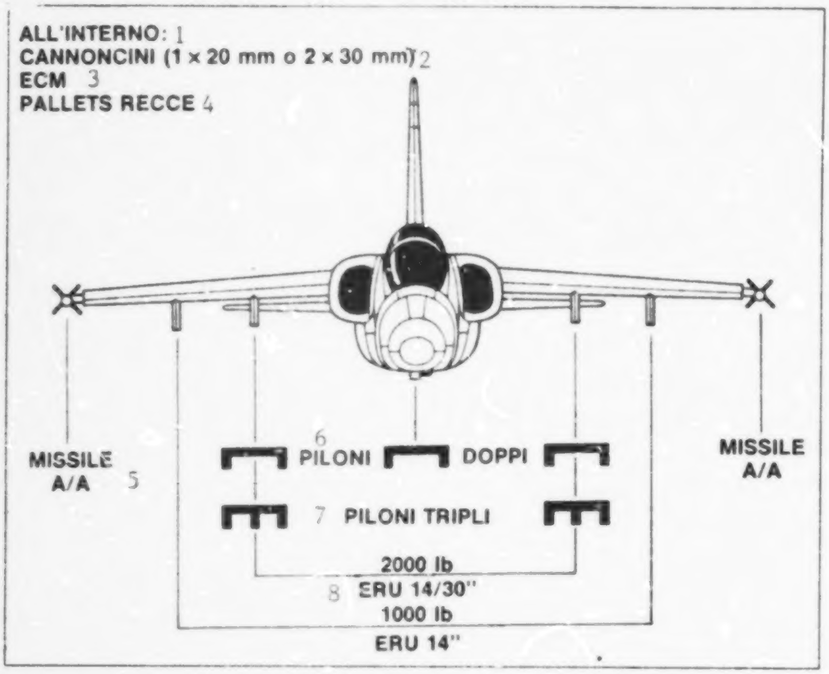
This central control computer is a dual system; that is, there are two complete computers. While only one is needed, the second is provided in accordance with the principle of redundancy, which is the basis of flight safety. The dual computer is connected to the entire navigation/attack system through a digital databus. The bundles of wires have all disappeared, but all the information flows along the databus. For example, it receives input from the radar, the inertial navigation system, TACAN [tactical air navigation], VOR/ILS, radiogoniometer, and radioaltimeter, and supplies information to the pilot through displays. The Head Up Display (HUD) system deserves mention: As the reader knows, in this system a semitransparent mirror presents before the pilot's eyes the most important data and the navigation and attack symbols, and allows him simultaneously to see the terrain in front of the aircraft so that passage from instrument to visual navigation is instantaneous.

The radar selected for the current AMX configuration is the Fiar "Pointer" 2000, a minimal weight (60 kg), compact apparatus with extremely low energy consumption, but with excellent performance and high reliability. It operates on X-band (10 GHz) and is appropriate for air-to-ground and air-to-air missions at low and very low altitudes. The information it furnishes -- the distance from the target and variations of that distance -- is used to compute the firing data. The "Pointer" is equipped with specific devices, including those which provide frequency agility, in order to operate in environments where high concentrations of electronic countermeasures are present.

Particular attention has been paid to means of protection against countermeasures, including equipment to warn the pilot when he is inside an enemy radar beam and to inform him of approaching missiles, as well as two dispensers for chaff (metal strips which have been in use since the end of World War II to confuse radar) and/or flares (a type of bengal light which emit intense light to deflect missiles equipped with infrared search warheads). There are more powerful interference and electronic and optoelectronic decoy systems, and there will be even more in the future. In contrast with many other aircraft, including some modern models, these systems are housed within the aircraft instead of being hung on pylons beneath the wings, which thus remain entirely free to accomodate ordnance. Instead, a "pod," a type of empty torpedo, is attached to the ventral joint to permit infrared optical reconnaissance.

Armaments include one or more cannons for self-defense and nearly four tons of external ordnance which can be coupled to four pylons beneath the wings. The cannons are one 22 mm rotary barrel Vulcan in the Italian Air Force version, or two 30 mm single barrel DEFA's for the Brazilian Air Force [FAB]. Infrared guided air-to-air missiles are slung under the wingtips--for the Italian Air Force version the highly tested AIM-9L Sidewider; for the FAB the locally made Piranha, which will go into production by the end of the year. The AMI missile has also been proposed. The external loads, which are handled by the SMS (Store Management System) include different types of bombs (gravity drop, gliding, braked, dispersion, and laser guided), rockets, dispensers for submunitions, and air-to-ground missiles. The latter may be selected from Maverick or Harm anti-radar missiles, which were deployed by the Americans in the Gulf of Sidra incident with such brilliant results, or anti-ship missiles such as the Cormoran and the Marte for the Italian Air Force and the Exocet for the FAB. A different radar, which is less sensitive to electromagnetic wave reflection from surface waves and is able to focus downward, has been provided for the AMX for naval operations.

This aircraft, which has been designed for easy maintenance, is well equipped with inspection hatches--there are more than 200 of them and the majority are at man height. The aircraft has been designed to withstand powerful blows in several areas without disintegrating. It certainly would be destroyed by a direct missile hit, but the strength of the structure, the duplication of structural elements, and the onboard systems ensure survival against less severe damage. Moreover, after a breakdown of one of its principal systems, the AMX can continue its mission without significant degradation of its capabilities. The automatic diagnostics system for breakdowns completes the overview of this aircraft.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CANNONCINI (1 × 20 mm o 2 × 30 mm) 2
ECM 3
PALLETS RECCE 4
MISSILE A/A 5
6 PILONI DOPPI
MISSILE A/A
7 PILONI TRIPLI
2000 lb
8 ERU 14/30"
1000 lb
ERU 14"

Key:
1) From the Inside Outwards
2) Cannons (1x20 mm or 2x30 mm)
3) ECM [electronic countermeasures]
4) Recce pallets
5) Air-to-air missiles
6) Double pylons
7) Triple pylons
8) ERU [electronic reconnaissance unit]

8621
CSO: 3698/M173

RESEARCH AGENCY ORDERED TO STUDY EARLY LEAVING OF SERVICEMEN

Stockholm DAGENS NYHETER in Swedish 14 May 86 p 8

[Text] The Government has commissioned the National Institution for Defense Research (FOA) to investigate why so many resign from the armed services.

Civil as well as military personnel, in some areas, have taken permanent leave to such an extent that the problem has become serious. A few isolated stabs at the problem is no solution to the multitude of problems that exist. So said the Minister of Defense, Roine Carlsson, when he addressed the congress of the Officers Association that began Tuesday. A key demand from the officers is substantial pay increases, among other things, to try to put a stop to so many leaving within the services.

"For security policy reasons, the Government was forced to take special measures to cope with the pilots, however, it is not to be viewed as a precedent. The groundrule governing questions of pay, says for them to be handled in normal wage negotiations," said Roine Carlsson. "There is, of course, a connection between pay demands and our ability to recruit and to maintain attractive professional career categories. It would be like sticking your head in the sand to overlook this, said Roine Carlsson, and stressed that meeting pay demands is only one of many ways of keeping personnel in the services."

"Due to resignations, many work locations are now approaching the critical boundary where they are unable to handle their work assignments. The reason is the shortage of personnel. It easily becomes a vicious circle. The workload increases for those that remain and that results in additional resignations. We must, therefore, be on our guard and really pay attention to the requirement for personnel."

13232/12858
CSO: 3650/213

MILITARY SWEDEN

OFFICERS ASSOCIATION WANTS CUT IN CONSCRIPT CALL-UPS

Stockholm DAGENS NYHETER in Swedish 14 May 86 p 11

[Article by Lars Ramclint: "Officers Demand: Draft Fewer Conscripts"]

[Text] Reduce the number of conscripts that are drafted for basic training. This is one of the demands on the action agenda that the Swedish Officers Association will consider at their congress in Stockholm this week.

Steps to cope with the officers' flight from the armed services is the top priority item on the action agenda. Conscript basic training must be reduced in order to achieve a reasonable balance between availability of officers and the training load, is the opinion of the Officer Association. Better pay for the officers and increased new recruiting are other demands. At the Tuesday opening of the congress, Minister of Defense Roine Carlsson, among other things, spoke about personnel questions within the armed services.

"While earlier National Defense resolutions have been dominated by positions taken on of the big weapons systems, so now personnel questions will be the most important in the next parliamentary decision on National Defense," opined Carlsson.

Defense Research Institute (FOA) Investigates

"The Government has commissioned FOA to investigate why so many officers resign prematurely and what factors would increase their desire to remain on active duty," revealed the Minister of Defense.

Carlsson was aware that there is dissatisfaction with both pay and working conditions, for example, the frequent changes in duty location and long at-sea duty assignments. "The Ministry of Defense is primarily aiming at reducing the need for transfers," explains Carlsson.

As concerns the pay demands, Carlsson warned against viewing the recent agreement on pilot pay as a precedent. "Pay rates are agreed upon by negotiations between two parties. Do not count on the Government to come in afterward and pick up the pieces or adjust anything, should a few groups have been pushed aside during the negotiations," he said. "The pilots were a special case where security policy reasons necessitated the Government action."

The Officers Association President, Lieutenant Colonel Leif Tornquist, said after the speech of the Minister of Defense, that it is the opinion of the association that special efforts in the area of compensation are necessary. "We had not expected, however, that the employer would end up on our side of the barricade in this negotiation. There was still much in the defense minister's account of the situation that agreed with our own judgment," thought Tornquist.

Vicious circle

Better pay does not offer a cure for all evils, he said. It is also important to break the vicious circle that has been created by too few officers facing too heavy a work load, which consequently leads them to also consider resignation. To reduce the draft of conscripts is an action objective that would show quick results.

The current lack of training officers results in conscripts receiving lower quality training than they have a right to demand, and then they get dissatisfied.

1,400 less

The Supreme Commander has also commissioned the Chief of the Army to try calling up 1,400 fewer conscripts next year. An annual batch of conscripts would then amount to 35,000. For some, basic training would then be delayed up to a maximum of three years. At the start of the congress, the President of the Officers Association's head organization, Saco-SR, Jorgen Ullengag, also spoke. He made clear that Saco-SR does not believe in a future merger with TCO. He believes that competitive views are needed when dealing with trade union matters. Saco-SR guards its own special nature, but likes to cooperate with TCO in negotiations about national security and to guard its own members interest regarding the working environment, activity, technical development, etc.

13232/12858
CSO: 3650/213

CUT BACKS AT METAL FACTORY SEEN HURTING DEFENSE CAPABILITY

Stockholm DAGENS NYHETER in Swedish 16 May 86 p 12

[Article by Goran Ekstedt and Olle Rossander: "400 Jobs Lost at Trollhattan"]

[Excerpts] A shock, but not unexpected. Ferrous chrome production is shut down and 400 are losing their jobs with the U.S. owned Ferroalloy producers in Trollhattan. Demand for large investments to improve the environment brought about the decision.

Overcapacity in the world of the main product, low carbon chrome, is the key reason. This substance is an alloy metal from the production of, primarily, specialty steel.

The surplus is about 40,000 tons of the 320,000 tons produced each year. That largely corresponds to the 30,000 ton annual production at the factory in Trollhattan.

Metallurgic, Inc. in New York, owners of ferrous chrome alloy sites, are the world leaders. The company has two factories, and besides the Swedish one, there is one near Aachen in West Germany. The two factories are almost equal in size.

Loss of millions

The decline of the dollar exchange rate, coupled with a 6-7 percent fall in price, last fall turned the development of ferrous chrome alloy around. After two years of decent profits, that came after a number of losing years, a loss of about Kr.45 Mil. is expected this year.

The decline in the dollar exchange rate alone corresponds to an income loss of 100 million kronor.

The home office in the U.S. was facing the choice of shutting down, either in West Germany or in Sweden. Trollhattan got the worst of it: "We were aware that a situation of choice had developed after the turn of the new year. It was not expected that Ferro would be affected, says Stefan Pedersen, vice-president of the factory association. The investment requirement of Ferro was what triggered the decision," thinks the site-manager, Nils-Gunnar Lindberg.

Important Links in our National Defense

Ferroalloys and the neighboring industry, Vargon Alloys, sell the alloys required by the steel factories and both are thus important links in Sweden's National Defense economy.

But the shut down threat came as a complete surprise to the Central Board of National Economic Defense, the OEF:

Well, I was there about a month ago and then there was no talk about shutting down, says Bengt-Erik Nilsson, responsible for OEB's metal and engineering bureau.

The two factories produce similar products, but Ferroalloys has specialized in the process of treating the molyb, that which is necessary to produce the Swedish stainless speciality and tool steel of high quality.

The steel factories can, under normal conditions, buy the necessary alloys on the world market, but with any kind of blockade or crises, particularly the specialty steel industry can be threatened.

The Government and OEF have considered the molyb activity so important for the Swedish industry and to military readiness that they contributed about five million kronor as an environmental investment at Ferroalloys in exchange for an agreement that the company will continue its activity in Sweden. It is now the ferrous chrome production that is threatened, but OEF is worried that other activity will disappear, too.

The big plants at Gota Alv have been criticized strongly for their huge leaks. A few years ago, production of ferrous manganese at Vargon was shut down, since the company was of the opinion that it could not meet the demands of the environmental pollution standards. A year or so ago high levels of heavy metals were discovered in the lime sold to the farmers.

13232/12858
CSO: 3650/213

MINISTRY PLAN: ELECTRICITY NEEDS MET WITHOUT NEW NUCLEAR PLANTS

Helsinki HELSINGIN SANOMAT in Finnish 4 Jul 86 p 23

[Article: "New Energy Program Presented to Government, Trade and Industry Ministry Rejected Nuclear Power and Increased Hydroelectric Power"]

[Text] On Thursday the government received the Trade and Industry Ministry's report on its new electric power management plans for the 1990s. The ministry is preparing an electric power management plan extending until the year 2000 and it does not include the construction of a new nuclear power plant.

The government did not make any decisions in this matter and it did not issue any instructions to the Trade and Industry Ministry. The decisions will be made next fall.

The government is changing its energy plans after the nuclear power plant accident in Chernobyl in such a way that a new nuclear power plant is not being contemplated for the near future in the forthcoming plan to be approved now.

However, the proposal contains the production of more electricity and municipal heating power than before. Some hydroelectric power projects are also apparently being discussed in this new energy policy situation. Coal condensing and peat condensing power plant projects are also being considered.

More accurate calculations on the possible number of plants and expenditures will be presented to the government in the fall.

While the present capacity of electric power procurement is a little less than 11,000 megawatts, the need in the year 2000 will be nearly 14,000 megawatts.

The capacity requirement of a new power plant will thus be approximately 3,000 megawatts or the same estimate as before.

The need for financing remains of the same magnitude as before or approximately 1 billion markkaa over a 10-year period according to an estimate of the Trade and Industry Ministry.

10576
CSO: 3617/136

BLACK SEA POLLUTION SEEN AS CAUSE FOR CONCERN

Istanbul CUMHURIYET in Turkish 6 Jun 86 p 13

[Text] Ankara--Engin Ural, Secretary General of the Turkish Environmental Affairs Foundation, stated that the discussion of environmental problems has become an issue of public concern as a result of tragic incidents and said: "It is sad but the only positive result that has emerged from this is that the public's sensitivity to this issue has been raised." Stating that the Mediterranean is on the international agenda of environmental issues, Ural said that he does not know of any similar initiatives with respect to the Black Sea and that Turkey must open the Black Sea to discussion in international circles. It was learned that regulations regarding water, air and noise pollution have reached their final stage.

Turkish Environmental Affairs Secretary General Engin Ural responded to CUMHURIYET's questions on the occasion of the World Environment Day on 5 June.

[Question:] Mr Ural, the Chernobyl nuclear accident, which the world experienced a short time ago and about which panic still continues today, became the premier issue in the discussion of environmental problems in all countries. Could we talk about this issue first?

Ural: Yes, that is true. Everyone around the world was aware of the dangers of nuclear energy, but the Chernobyl accident underscored the full scope of those dangers. The truth is that we should not favor nuclear energy so much, but unfortunately the entire world is moving toward this type of energy generation, and it is impossible to prevent that. We must always think about the dangers of nuclear energy, and we must never forget that its effects will not be limited to a single generation.

[Question:] We, too, are moving toward nuclear energy.

Ural: For us, nuclear energy must be a source of energy which we must turn to only when we have exhausted all the other energy resources in the country. If we have to move toward nuclear energy then the technology for environmental protection must be considered first. In other words, when negotiating with firms from various countries, the factor of attraction must be superiority in environmental protection technologies and not lower costs.

[Question:] Could you evaluate the Chernobyl incident from our country's standpoint?

Ural: One cannot say whether the Chernobyl accident assumed dangerous proportions for Turkey. Our information is restricted to what the authorities have given us, and while everyone can dispute that information no one can prove anything. The radioactivity leaks on the location of the accident may move to Turkey through water and land like everywhere else and may become dangerous in the future. Unfortunately, there is nothing we can do on this issue except being careful.

[Question:] Is not the Black Sea a dangerous transmitter with respect to this issue? You have been emphasizing the Black Sea primarily.

Ural: I do emphasize it because the Black Sea is truly a very important problem. In addition to the possibility of nuclear pollution, the Black Sea is being continually polluted because it is an enclosed body of water. It is a sea with a high pollutant content because of the human and industrial waste brought by the Danube from all European countries and pollutants carried by the Dnyeper and Dnyester rivers from the Soviet Union. However, for some reason, the pollution of the Black Sea is not adequately discussed in international forums. In contrast, virtually all countries in the world have joined hands and mobilized to clean up the Mediterranean. The pollution in the Black Sea does not remain there; it passes through the Bosporus and pollutes Marmara and the Mediterranean to a certain extent. Moreover, Turkey is a country which has a long coastline on both the Black Sea and the Mediterranean. Turkey must examine pollution in the Black Sea with much more emphasis.

[Question:] Mr Ural, the Black Sea is polluted. We have turned the Marmara into a dead sea. The best evidence for that are the signs posted every few hundred meters all along the Marmara coast stating that swimming is dangerous and prohibited. After filling the Golden Horn with muck--which just began to be cleaned out--and turning the Gulf of Izmit into a place where fish cannot live, is it now the Bosporus' turn?

Ural: All the cases you enumerated are true. In the midst of all these tragic happenings there are two developments that are encouraging. One of them is Istanbul Mayor Dalan's work on the Golden Gate. It is hard not to consider what they are doing as great, good and successful. In order not to overshadow his success in the Golden Gate, Dalan, who has shown the courage to operate on a wound that has gangrened for many years, must also be careful about preventing the dirty water in the Golden Gate from polluting the Marmara Sea and the Bosporus. The second positive development is the stand taken last spring by the Governor of Kocaeli, the Kocaeli Bar Association, the parliamentary deputies of this province and the residents of Kocaeli against the pollution created by a leather factory.

[Question:] What are the leading causes of pollution in Turkey?

Ural: Mainly the industry which grew in the 1960's and the 1970's. Care about environmental protection was disregarded during that growth. In other countries, the people who polluted the environment have found ways of reducing pollution. These methods are collectively known as environmental protection technology.

[Question:] Mr Ural, today we only talked about "water." When talking about pollution we must also consider the "air." Is that not right?

Ural: Yes. We must speak about the air beginning with Ankara's polluted air and going to Erzurum, the Murgul Copper Works, Karabuk and the environment of all cement factories. The air is polluted in all these places. Moreover, noise pollution is also a typical environmental problem and stems from human behavior. In summer months, this problem is taken to coastal cities with discotheques, orchestras and traffic. This is a problem which arises from the holiday concept of our people and which is difficult to overcome.

[Question:] The Law on the Environment was enacted in 1983, but one cannot say that it is being implemented in the full sense.

Ural: Yes, but I have learned that regulations on air and water quality, the most important of the governing statutes that must be issued by the Environmental Directorate General in accordance with the law, have begun to be implemented. This is a major step in the direction of better implementation of the law. I would like to add that the municipalities have also begun becoming steadily more senstitive to environmental issues.

Evirgen Confirms

Environmental Director General Muzaffer Evirgen stated that the regulations on water quality will soon be published in the Official Gazette and that those on air quality will soon be submitted to the Prime Minister's Office. Stating that the regulations governing noise pollution were submitted to the Prime Minister's Office about 20 days ago, Evirgen said: "These will be finalized in a month at most."

Noting that he has been in office for 16 months and that he inherited the problem of regulations, Evirgen said: "Everyone threw the problem at each other like a hot potato, and this is an iceberg-like problem the bottom of which cannot be seen." Evirgen said that it is truly difficult to prepare the said regulations. Likening the preparation of regulations on an issue which has not been "reduced to a routine in Turkey" to making a dress without trial fittings, Evirgen said:

"We examined the statutes of other countries on the issue within this framework and prepared our regulations by borrowing clauses that were compatible with our situation."

9588
CSO: 3554/401

- END -

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West Europe Report

PORTUGAL: AGREEMENT ON EEC, EURATOM MEMBERSHIP

FBIS FOREIGN BROADCAST INFORMATION SERVICE

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18 February 1986

WEST EUROPE REPORT

PORTUGAL: AGREEMENT ON EEC, EURATOM MEMBERSHIP

Lisbon O JORNAL in Portuguese 4 Oct 85 Special Supplement pp 1-39

[Text: Treaty of Accession of Portugal to the European Communities]

Treaty between the Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, the Hellenic Republic, the French Republic, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the United Kingdom of Great Britain and Northern Ireland (member states of the European Communities) and the Spanish State and the Portuguese Republic relative to the membership of the Spanish State and the Portuguese Republic in the European Economic Community EEC and the European Atomic Energy Community EURATOM .

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Part II -- Adaptations of the Treaties
Part III -- Adaptations of the Proceedings Adopted by the Institutions
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Protocol No. 3 - Relative to the exchanges of merchandise between Spain and Portugal during the period of the application of the transitory measures.

(Title II, Articles 30 to 188 inclusive, "Transitory Measures Relative to Spain," was excluded).

His Majesty, the King of the Belgians, Her Majesty, the Queen of Denmark; the President of the Federal Republic of Germany, the President of the Hellenic Republic; His Majesty, the King of Spain; the President of the French Republic; the President of Ireland; the President of the Italian Republic; His Royal Highness, the Grande Duke of Luxembourg; Her Majesty, the Queen of the Netherlands; the president of the Portuguese Republic, Her Majesty, the Queen of the United Kingdom of Great Britain and Northern Ireland,

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WEST EUROPE REPORT

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POLL SHOWS LOWER POPULARITY OF GOVERNMENT, OPPOSITION FIGURES

Brussels LA LIBRE BELGIQUE in French 23 Jun 86 pp 1-2

[Article by Guy Daloze and Andre Mean: "Political Class In State of Disfavor; Our 'LA LIBRE-Marketing Unit' Survey A Slap At Both Opposition and Majority"]

[Text] It is the Berezina, a rout, a collapse, a shipwreck, a licking: with only rare exceptions, and with some variations by region, the exclusive "LA LIBRE BELGIQUE-Marketing Unit" quarterly political poll this summer shows that Belgians are heaping scorn and disfavor on the entire political class, on the opposition as well as on the majority.

They are doing this because the government and the champions of the majority are no longer convincing after several months of lethargy, wavering, quarrels, badly calculated "leaks," and badly made or badly executed decisions. Because the opposition and its leaders have organized political strikes which disrupt and displease and present no credible alternative. Because the most recent months have given an irritating, grating, mediocre picture of the political microcosm.

Politics Another Way

While continuing and expanding its spring discontent, public opinion does not necessarily wish for another type of politics, but does certainly call for politics conducted another way by other faces. And, we would reiterate, because the phenomenon is an odd one whether one is in the majority or one is fighting it, whether one's name is Wilfried Martens or Jose Happart, Gerard Deprez or Andre Cools, Jean Gol or Louis Michel.

Fed Up

When our survey is analyzed in detail, we first notice the emergence of a large, wide-spread fed-up feeling toward the leading figures of the present majority, ministers (national, regional or municipal), or party men. One segment of opinion undoubtedly finds that things are not moving enough or not fast enough, another that the Val Duchesse measures are inadequate (grumbling by the "educational community" and the union world in general is causing damage), while a third segment finds that the government's plan is the umpteenth in an unending series which offers no really galvanizing prospects for the future. Like a boomerang, the pre-election formula of "three-quarters of the road covered" is thrown back into the teeth of the majority and confidence in its men weakens.

Martens, Gol, Nothomb, Verhofstadt, Eyskens, De Croo, Michel, Deprez, Coens, Wathelet, Monfils: All these superstars get hauled over the coals. Maystadt, by pleasing everyone and his brother, retains his support, but only in Wallonia.

Spitaels, as a good, card-carrying, fairly moderate and realistic Socialist, is firmly entrenched as "Mister Wallonia" but collapses in Brussels, where the insurrection against the politicians is the greatest and the most spectacular anyway. Furthermore, the opposition does not escape from the carnage, since the "hard-liners" of Walloon socialism (Jose Happart, Andre Cools, Jean-Maurice Dehousse, Philippe Busquin) are paying for their May 86 pseudo-insurrection. However, in the Flemish wing of the Socialist Party, a Van Murt and a Tobback emerge somewhat better, in a Flanders where the grumbling is less evident anyway.

There is one pleasant oddity: Women are doing quite nicely (see the scores for Annemie Neyts, Miet Smet, Antoinette Spaak and Anne-Marie Lizin). Doesn't this fine result for the ladies also show that opinion hopes to see some new faces and listen to more exciting speeches?

Stability

On the other hand, and even if the majority loses its majority this time around in the country's three regions, even if confidence in the government is at its lowest level (one Belgian out of four...), there are few significant shifts in the ways people intend to vote: Shifts do not exceed 2 points.

The political currents remain stable, the Christian Socialists--who would have dared predict otherwise--lose votes in Wallonia, Flanders and Brussels, but no spectacular losses are at stake, the Liberals hold steady in the three regions and sometimes even advance slightly, the French-speaking Socialists benefit neither from the strikes nor the opposition, while the rise of the Flemish wing of the Socialist Party continues and the Ecological Parties are paying for their disagreements.

Boos

So what? Well, at this time of soccer figures of speech, our poll shows that the fans are still devoted to their team but that they boo disappointing, awkward, unmotivated, and uninspiring players who cheat them out of a good match.

In political terms, then, our poll looks forward to change as well as composure, reinvigoration and an in-depth change in the government (inasmuch as the opposition's alternative is scarcely convincing, on the French-speaking side, at least). And, above all else, it calls for a new style in politics which will offer new horizons.

Poll: Summer Public Opinion Poll--Major, Wide-Spread Fed Up Feeling About Leading Majority As Well As Opposition Figures

The Way People Intend to Vote

[Question] If there were legislative elections next Sunday, which party would you vote for?

Fewer Undecided

	March 86	June 86			
	Country		Flanders	Wallonia	Brussels
Those answering	69	76	79	71	75
Those not answering	31	24	21	29	25

A good response rate may be noted, decidedly higher than earlier ones (an increase of 7 percent). If, as we shall see, Belgians are not happy, this time they are not bashful about saying so....

Wallonia: Few Changes

	June 86 poll	March 86 poll	October 85 poll
Socialist Party	39.2	39.5	39.4
Liberal Reform Party	23.0	23.1	24.2
Christian Social Party	21.1	22.9	22.6
Walloon Ecological Party	6.0	6.4	6.2
Others	10.7	8.1	7.6

This may be surprising, but there are few meaningful differences in Wallonia, where the shifts are hardly major. We do, of course, take note of some small shifts (a very slight Socialist decline of 0.3 points because the Socialist Party's political strikes have displeased some, a relative status quo for the Liberals, a loss--predictable--for the Christian Social Party which, owing to its teachers and Dr Damseaux, loses close to 2 points compared to the previous poll, a crumbling of the Walloon Ecologists (who are split)), but there is nothing spectacular. Unless it would be the increase by "others" (Communists, SeP, the Democratic Union for the Respect of Labor, "Walloons," "New Ecologists," French-speaking Front...) which all together collect close to 11 percent (while individually failing to cross the credibility threshold of 2 percent), which shows both confusion and bad humor. The Liberal Reform Party-Christian Social Party "majority" no longer enjoys a majority: 44.1 percent of the votes as against 46 in March and 46.8 in the elections.

Flanders: There the Socialist Party Is Again

	June 86 poll	March 86 poll	October 86 poll
Christian Social Party	32.0	33.8	34.6
Socialist Party	26.4	24.2	23.7
Freedom and Progress Party	17.9	18.0	17.3
People's Union	11.8	12.0	12.7
Flemish Ecological Party	6.8	6.3	6.1
Others	5.1	5.7	5.6

Some interesting observations may be made in Flanders. Despite the strikes --which to be fair, were less serious in Flanders--the Flemish Socialists continue their upward movement and even broaden it (+2.2), at the obvious expense of the Christian Social Party, which loses almost 2 points and continues the downward trend observed in the earlier poll. It is the Flemish Christian Socialists who are suffering from the Val Duchesse measures and not the Liberals, who continue their (small) March progress: Is the Christian Social Party losing on its right and on its left at the same time?

The trend towards disintegration which has been observed within the People's Union for some months continues, while the trend of the Flemish Ecological Party continues as well. And the poor showing of "others" demonstrates that, as opposed to the Walloons, Flemish voters are not scattering their votes very much.

For the first time, the Christian Social-Freedom and Progress Party majority no longer enjoys a majority in Flanders. By just one-tenth of a percentage point (49.9 percent), to be sure, and within the limits of a survey, but the warning is clear.

Brussels: Resistance

	June 86 poll	March 86 poll	October 85 poll
Liberal Reform Party	19.0	18.8	19.7
Flemish Christian Social Party	13.9	14.5	14.6
French Socialist Party	12.1	11.5	11.3
Flemish Socialist Party	9.3	8.7	8.7
Freedom and Progress Party	9.1	8.7	8.0
French Christian Social Party	6.9	7.2	7.0
Ecological Parties	5.2	6.9	6.3
People's Union	6.7	6.1	6.4
French-speaking Front	6.0	6.2	8.3
Others	11.8	12.3	9.7

Lastly--and this is traditional--it is in Brussels that the majority is putting up the best resistance, whether there are very meaningful or "vivid" shifts. The Liberals (the Liberal Reform Party as well as the Freedom and Progress Party) make slight gains while the Christian Socialists (the Flemish as well as the French Christian Social Parties) decline by the same proportion, which could mean a small transfer of clientele.

The French wing of the Socialist Party picks up what it had lost in March, the Flemish wing of the Socialist Party continues its regular rise, the French-speaking Front continues its plunge to the bottom (and today is less important than...the People's Union), and the Ecological Parties are badly paying for their splits and Olivier Deleuze's departure.

The Liberal/Christian Social majority still garners 48.9 percent of votes in the capital. But it can be noted that it is no longer in the majority in any of the three regions.

Politicians' Popularity

[Question] For each one of the following figures, would you tell us if you wish to see him or her exercise major political influence in the coming months?

Forty-four names were mentioned to the people questioned throughout the country:

Vic Anciaux, Philippe Busquin, Willy Claes, Georges Clerfayt, Daniel Coens, Andre Cools, Andre Damseaux, Herman De Croo, Francois de Donnea, Jean Defraigne, Jean-Luc Dehaene, Jean-Maurice Dehousse, Paul De Keersmaeker, Gerard Deprez, Patrick Dewael, Daniel Ducarme, Mark Eyskens, Gaston Geens, Jean Gol, Michel Hansenne, Jose Hapart, Anne-Marie Lizin, Wilfried Martens, Philippe Maystadt, Louis Michel, Philippe Monfils, Anne-Marie Neyts, Roger Nols, Charles-Ferdinand Nothomb, Edouard Poullet, Hugo Schiltz, Henri Simonet, Miet Smet, Antoinette Spaak, Guy Spitaels, Frank Swaelen, Leo Tindemans, Louis Tobback, Robert Urbain, Luc Van-Den Brande, Karel Van Miert, Eric Van Rompuy, Guy Verhofstadt, Melchior Wathelet.

The following names were added to last spring's list: Messrs Damseaux, De Keersmaeker, Ducarme, Poullet and Madame Lizin. The following names were taken off the list: Messrs Knoops, Philippe Moureaux and Thijs.

We should repeat that all the names on the list are quoted one after the other to those questioned. By saying "yes" or "no," those questioned are asked to indicate whether they want the figure to exercise major responsibilities in the coming months.

Thus we see that 45 percent of Belgians want Mr Martens to keep on leaving his imprint on political life in the coming months.

Nation As a Whole: Decline of Martens...And His Supporters

	Wincer 1985	Spring 1986	Summer 1986	Difference
Martens	50	48	45	-3
Tindemans	40	38	36	-2
Van Miert	33	30	32	+2
Eyskens	36	34	31	-3
Claes	34	33	29	-4
De Croo	32	30	26	-4
Greens	25	23	24	+1
Verhofstadt	21	24	21	-3
Schiltz	23	20	20	-
Neyts	18	20	20	-
Swaelen	22	21	20	-1
Anciaux	21	19	19	-
Tobback	19	18	18	-
Spitaels	16	17	17	-
Maystadt	19	19	17	-2
Coens	21	20	16	-4
Dehaene	19	17	16	-1
Smet	not recorded	not recorded	15	*

As early as last spring one could sense that Mr Martens was dropping in the wake of the bad, slow start up of his new team. Today, 3 months later, this fall is becoming more rapid and there is currently a 5 percent gap between winter '85 (the elections) and summer '86 which can be blamed on the prime minister.

All the leading figures of the Christian Social Party are declining. No one really emerges as a possible successor to Mr Martens. Between the prime minister and Mr Tindemans there is still a gap of almost 10 points. Messrs Eyskens and Coens lose as much as the prime minister, while Mr Dehaene does not attract interest.

There is no joy among the Liberals either. "Annemie" holds on to her position, but her two main like-minded colleagues, Verhofstadt and De Croo, are certainly going down.

Mr Van Miert is the only one winning back a bit of territory, and it is another Socialist, Guy Spitaels, who, instead of Mr Maystadt, is becoming the most prominent, national French-speaking figure. But he does not gain a single extra point....

Wallonia: Catastrophe For Martens, Gol and Many Others

	Winter 1985	Spring 1986	Summer 1986	Difference
Spitaels	37	40	40	-
Maystadt	34	37	37	-
Martnes	38	37	31	-6
Happart	30	29	26	-3
Wathelet	30	29	25	-4
Dehousse	30	29	25	-4
Cools	27	27	24	-3
Gol	31	30	24	-6
Lizin	not recorded	not recorded	24	*
Deprez	29	26	19	-7
Tindemans	22	22	19	-3
Spaak	not recorded	not recorded	19	*
Busquin	24	23	19	-4
Monfils	24	25	18	-7
Hansenne	not recorded	22	18	-4

Just after the elections, when our survey was conducted in early December 1985, Wilfried Martens had taken over the enviable title of "Mister Wallonia." Since then, the prime minister has lost 7 points. He has suddenly just recorded a spectacular plunge of 6 percent in our summer poll. His delaying tactics and his Val Duchesse decisions are held against him.

Mr Spitaels, who last spring had won back his crown, does not improve his standing but does not lose any points.

Other, more aggressive Socialists such as Dehousse, Cools, Happart or Busquin are not harvesting the fruits of their going into the street. Might public opinion be more favorable towards a management-style Socialist like chairman Spitaels? As for Anne-Marie Lizin, who enters our picture, she immediately convinced one-quarter of those surveyed, which is a good score for a woman member of a European parliament. Clearly public opinion does not hold her Algerian "escapades" against her.

In the Christian Social Party, Mr Maystadt, who has stayed strong in the background, still projects the same image of a strong, conciliatory man, skillful at getting along with everyone. However, for chairman Deprez, who is paying for teachers' anger, it is literally the Berezina. Messrs Wathelet and Hansenne each lose 4 points and Mr Nothomb (22 in the spring) no longer shows up on the chart: He is under the lower limit of 17 points.

Among the Liberals, there can be no cry of victory either. No more than two of their representatives are on the chart: Mr Gol, who loses 6 points, like the prime minister, and Mr Monfils, who drops 7 points (owing perhaps to his overly Manichean attitude towards the audiovisual file?). Chairman Michel (23 points in the spring) vanishes, as does the chairman of the Chamber, Mr Defraigne (25 points in March).

Mrs Spaak, most curiously, garners the support of 19 percent of Walloons....

Flanders: Verhofstadt and Coens Swallowed Up

	Winter 1985	Spring 1986	Summer 1986	Difference
Martens	58	56	54	-2
Van Miert	53	50	52	+2
Tindemans	54	51	50	-1
Eyskens	54	54	50	-4
Geens	41	40	42	+2
Claes	44	41	40	-1
Schiltz	40	35	35	-
Anciaux	38	32	33	+1
Verhofstadt	36	39	33	-6
De Croo	38	37	33	-4
Neyts	29	33	33	-
Swaelen	36	34	33	-1
Tobback	32	30	32	+2
Coens	36	35	30	-5
Dehaene	30	28	28	-
Smet	not recorded	not recorded	28	*

In Flanders, Mr Martens' decline is less perceptible than in Wallonia. He loses only 2 points. Mr Tindemans remains the imperturbable number two Christian Socialist, but Mr Eyskens is in clear decline. The big loser is Mr Coens, the (Dutch-language) Minister of National Education who must also face the teachers' wrath.

Messrs Van Miert and Tobback pick up some ground previously lost and show that the Socialist Party is having another go at things in Flanders inasmuch as there appears to be 300 percent more today than there was at the time of the October 1985 elections.

The Flemish Liberals are not "kidding around" either, given the fact that Mr Verhofstadt loses 6 points and Mr De Croo 4. Is the fact that they went too far at Val Duchesse being held against them or, on the other hand, is it because they did not go deep enough?

Mrs Miet Smet does very nicely by attracting the support of 30 percent of the Flemish despite statements which are occasionally a bit daring, particularly on abortion. In any event, it appears that she is a woman who will be around for a long time to come.

Brussels: Everyone Drops

	Winter 1985	Spring 1986	Summer 1986	Difference
Martens	49	45	39	-6
Gol	38	34	29	-5
Tindemans	28	27	25	-2
de Donnea	25	26	24	-2
Nols	24	21	24	+3
Spaak	24	23	24	+1
De Croo	29	28	23	-5
Maystadt	28	28	22	-6
Simonet	31	28	21	-7
Lizin	not recorded	not recorded	17	*
Eyskens	26	26	17	-9
Spitaels	26	26	17	-9
Van Miert	23	21	16	-5
Michel L.	24	21	16	-5
Monfils	not recorded	22	14	-8
Nothomb	19	17	13	-4
Verhofstadt	not recorded	18	13	-5
Claes	24	21	13	-8
Cools	22	19	13	-6
Defraigne	not recorded	18	11	-7
Wathelet	19	19	11	-8

In Brussels, Messrs Martens and Gol, who had been compiling astonishing scores for quite some time, are experiencing a "cool down" which really does serve as a test and a warning. Gentlemen, we put our confidence in you and you have disappointed us.

In every party of the majority there is a near rout: De Croo (-5), Maystadt (-6), Wathelet (-8), Simonet (-7), Michel (-5), Verhofstadt (-5), Nothomb (-4), Eyskens (-9). Mr Deprez, who had 18 points in the spring, dips below the 10 percent limit. Mrs Neys (17 points at least) dips below the same limit.

Leading Socialist figures do no better and their cause attracts worse electoral support with Guy Spitaels' loss of...9 points (!). Willy Claes loses 8 points, Van Miert 5, Cools 6.

There is a real feeling of disgust towards the leading majority as well as opposition political figures. Only Mrs Spaak (+1) and Mr Nols (+3), who are typical Brussels figures, show an increase. This may vaguely mean a call for something else even if, in the second case, it is rather disturbing.

Belgians' Concerns

Government: the Worst!

[Question] In order to solve the problems Belgium currently faces, do you have confidence in Mr Martens' government or not?

	Country as a whole
Do have confidence	7
Some confidence	19
Not much confidence	17
No confidence	28
No opinion	29

When we compare this with previous polls, we get the following:

	Summer 1986	Spring 1986	Winter 1985	Fall 1985	Summer 1985	Spring 1985	Winter 1984	Fall 1984	Summer 1984
Confidence	26	29	45	37	39	34	36	31	33
No confidence	45	40	33	37	36	37	37	39	40

As early as March, the government's support rate was the worst on record since our survey began. What can we say today, except that summer, strikes, Val Duchesse measures, indecision and the constant setting up of commissions have been turned into the most negative verdict: Only one Belgian out of four now has confidence in Martens VI, who will have a lot on his hands if he is to reverse this trend!

[Question] In your opinion, to which actions should the government give the highest priorities today?

	Summer 1986	Spring 1986	Winter 1985	Fall 1985	Summer 1985	Spring 1985
Fighting unemployment	77	78	79	79	79	79
Cutting taxes	59	62	60	62	61	61
Fighting price increases	50	57	57	58	58	57
Combatting violence and lack of security	41	44	47	38	38	35
Working towards social peace	34	25	28	26	27	27
Improving education	26	25	26	30	26	27
Solving the problem of immigrant workers	25	27	23	25	25	25
Finding a final solution to the linguistic problem	20	21	26	31	27	29

Strikes clearly had an influence on our survey: The major problem for Belgians is "working towards social peace," which goes up by 9 points all at once. And the least urgent problem is a solution to linguistic problems, which reaches the lowest level recorded by our survey.

Unemployment remains a major problem which needs much attention, while oddly enough education scarcely excites people. Taxes are less a concern, and so are price increases (have these been less noticeable since the brakes were applied to inflation and a reduction was made on oil expenditures?).

This survey was conducted at the request of LA LIBRE BELGIAUE during the period of 9-17 June 1986 by 57 researchers from Marketing Unit, a firm specializing in market surveys and opinion polls, with a sampling of 2,219 Belgians 18 years of age and up, selected on the basis of sex, age and social class (margin of error: ±2.1).

Nine hundred people in Flanders, 821 in Wallonia and 498 in Brussels-Hal-Vilvorde were interviewed personally.

The results were weighted according to the relative sizes of the regions in the country.

Affiliations: ESOMAR, FEBELMAR.

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SDP LEADERSHIP SEEN UNEASY WITH JORGENSEN NUCLEAR STAND

Copenhagen BERLINGSKE TIDENDE in Danish 21 Jun 86 p 10

[Editorial: "When the Ball Rolls"]

[Text] It turned out as one might have expected. Once again Anker Jorgensen said something without thinking much about what his words really meant. His flat unqualified assertion that the Social Democrats would oppose nuclear weapons on Danish soil in peacetime, wartime or times of crisis should not be taken literally. There has been no change in Social Democratic policy which is still based on working to avoid having nuclear weapons on Danish soil under all conceivable circumstances.

Before those who listened to the words of the former prime minister--and of course people do listen to the leader of the opposition--realized that he did not mean what he said, there was an unpleasant interlude. The prime minister was amazed because he saw in the statement the announcement of an initiative that would jeopardize the credibility of our relationship to NATO. From abroad the foreign minister sent home a sharp commentary that more than hinted that a Folketing election might be imminent. And the leftist parties had stars in their eyes at the prospect of getting the Social Democrats to back a resolution that would overturn the country's foreign and security policy. However there was no substance to what some perceived as a threat and others as the fulfillment of a lovely dream. While Anker Jorgensen crossed the sea to attend the international socialist congress, the party leaders who stayed at home bustled around telling us that the whole thing was a misunderstanding. Anker Jorgensen did not mean anything beyond what the party has already said. The party stands behind the Folketing resolutions that have already been passed, it does not want any new ones and it will not go along with the idea if the left wing takes the initiative and presents new resolutions.

The episode is characteristic because it shows once again that Anker Jorgensen's spate of words cannot be kept within a framework that would prevent misunderstandings. But that does not mean that is is unimportant. The reactions of the government parties as well as the left wing demonstrated once more that the nation's security policy currently rests on a weak foundation and that nerves are exposed on the slightest provocation. On one side we have a government that fully supports NATO membership but has had to come to terms with a chain of resolutions passed by a majority that questions the consequences of that membership. On the other side we have a left wing that is trying to entice the Social Democrats to go along with it in a final showdown with the government parties. And in the middle the Social Democrats are voicing a policy that endorses NATO but constantly approaches the point where membership is undermined.

We will not have an election just because Anker Jorgensen uses words that do not express his party's ideas. But as in soccer the ball may accidentally end up between the goalposts.

6578
CSO: 3613/158

SDP PARLIAMENT MEMBER SEES CHANCE FOR SF MINORITY GOVERNMENT

Copenhagen BERLINGSKE TIDENDE in Danish 26 Jun 86 p 12

[Editorial: "Redder and Redder"]

[Text] The prospects for the future are assuming an increasingly red hue. So far the speculations concerning a government change have been based on the idea that the voters will accept a government formation consisting of the Social Democrats and the Socialist People's Party [SF]. But lately people have been saying that after the next election the Socialist People's Party might form a government on its own. With Gert Petersen as prime minister, no doubt!

One of those heralding this amazing government formation is Social Democratic Folketing member Karl Hjortnaes. It is true that he is not one of the leaders of the party, although he has served in several different cabinet posts, but even so. He is hardly the only member of the Folketing group to hold the belief he has expressed openly. His view is that we must rule out the possibility that the Social Democrats will form a government unless they make some gains. The election might result in a red majority and the Social Democrats would make up the largest part of that majority. But the Social Democrats will not name a prime minister or members of a red cabinet unless the party moves ahead. If the Socialist People's Party is the only one to win seats, while the Social Democrats have to be content with the status quo or a decline, the Social Democrats would rather have SF form a government on its own. Karl Hjortnaes said he would not find it hard to give his approval to such a government.

Of course Karl Hjortnaes is saying this because he is afraid the SF people will run off with the votes. He would like to have a red majority--and he is probably more enthusiastic about this than a lot of other people in the party--but he wants to prevent SF from being responsible for the majority. He wants his wish to be fulfilled on the basis of increased voter support for the Social Democrats. He is probably also counting on the fact that a straight SF government in the absence of gains for his own party would enable the Social Democrats to take over the role SF has played in relation to the Social Democrats. In the past the Social Democrats have suffered from the ability of SF to outdo them in policy and agitation. A straight SF government would open the way for a Social Democratic policy of overbidding that could strengthen the party.

It is hard to take this flight of fancy really seriously in the summer heat. Is it conceivable that the Socialist People's Party would be prepared to form a minority government even if it had the backing of a red majority? Can we believe that Gert Petersen would jump at this chance? He could get out of it by showing that it is the Social Democrats who don't want to seize the opportunity when they have a red majority. Those who are interested can continue these speculations during the vacation season. And they will probably also consider the point that it is by no means certain that the voters will want a red majority, whether it is created by the Social Democrats or the Socialist People's Party. The anticipated victory has not been won yet.

6578
CSO: 3613/162

POLL DETECTS CONTINUED ADVANCE BY SOCIALIST PEOPLE'S PARTY

Copenhagen INFORMATION in Danish 23 Jun 86 p 3

[Unattributed article: "Social Democrats Hit New Low in Poll"; first paragraph is INFORMATION introduction]

[Text] The government parties have a voter support level of 42 percent while the left wing has the backing of 48 percent of the voters.

The Social Democrats would get only 29 percent of the votes if we had an election now, the party's lowest rating in 10 years. On the other hand the Conservatives rose to 25 percent and are now only 4 percentage points behind the Social Democrats, according to an opinion poll conducted by Vilstrup for POLITIKEN SONDAG.

According to Vilstrup the government parties received a combined rating of 42 percent while the left wing, the Social Democrats, the Socialist People's Party [SF] and the Left-Socialists [VS] had the support of 48 percent of those asked. That is a decline of 2 percent compared to the last opinion poll in May, when the left wing had a 50 percent support level.

If the government decides to call an election based on the issue of compulsory profit sharing, the left wing plus the Radical Liberals could constitute a majority.

SF continued to gain and now has a 17 percent support level compared to 16 percent in May, With the exception of the Social Democrats, SF and the Conservatives, only minor changes in opinion were noted compared to the May survey.

Vilstrup's poll was carried out on Thursday, 19 June.

Vilstrup Results

The three columns in the table below show the election results from 10 January 1984, the voter index from 20 May 1986 and the latest index from 19 June 1986.

Political Party	Jan 84	May 86	Jun 86
Social Democrats	31.6	32	29
Radical Liberals	5.5	5	4
Conservatives	23.4	22	25
Single-Tax Party	1.5	1	1
Socialist People's Party	11.5	16	17
Green Party	0.0	1	1
Danish Communist Party	0.7	1	1
Center-Democrats	4.6	4	3
Christian People's Party	2.7	1	2
Liberals	12.1	12	12
Left-Socialists	2.6	2	2
Progressives	3.6	3	3
Others	0.1	0	0
Total	100.0	100	100

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CSO: 3613/162

POLL: ELECTION NOW COULD BRING LEFTIST COALITION

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jun 86 pp 1, 7

[Article by Thorkild Dahl: "Poll Shows Left-Socialists Could Ensure Red Majority"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] A Folketing election now would give the Social Democrats and the Socialist People's Party [SF] 84 seats compared to 82 for the government parties and the Radical Liberals. The Left-Socialists [VS] have risen above the cutoff barrier for the second time this year and their four seats could ensure a slim labor majority.

The voters are sending Folketing on summer vacation with a slim red majority in which the Social Democrats and SF must not only reach internal agreement but also base a red cabinet on VS which, on the edge of the cutoff barrier, is close to breaking up due to internal conflict over the party's position on a labor majority.

SF is still carrying the left forward to a red cabinet, while according to Gallup the Social Democrats remain unchanged. SF has gained strength and now has half as many potential seats as the Social Democrats.

Gallup sampled voter opinion at a time when the political debate has once more focused on the prospect of an early Folketing election in the fall, but Prime Minister Poul Schluter (Conservative) could celebrate the fact that he is the nonsocialist prime minister who has held the office longest since the days of Liberal Niels Neergaard in the early 1920's.

Prior to the summer recess Poul Schluter warned the Social Democrats against gambling on a fall election and Radical leader Niels Helveg Petersen backed the government, exhorting: "Think in long-range terms. There is a year and a half to go before the next Folketing election; let's tackle the problems that arise."

The Gallup poll published today in BERLINGSKE SONDAG shows that the voters would re-elect all the parties now in Folketing with the exception of the one-man Free Democratic Party.

Table 1. Distribution of Folketing Seats

Party	Poll	1984 Election
Social Democrats	56	56
Radical Liberals	7	10
Conservatives	44	42
Socialist People's Party	28	21
Center-Democrats	5	8
Christian People's Party	5	5
Liberals	21	22
Left-Socialists	4	5
Progressives	5	6

Table 2. Political Index

Question: "Which party would you vote for if we had a Folketing election tomorrow?" Poll conducted in the period 17-30 May. Answers in percentages.

Party	10 Jan 1984	Jan 1986	Feb 1986	Mar 1986	Apr 1986	May 1986
Social Democrats	31.6	30.1	29.6	31.7	31.1	31.0
Radical Liberals	5.5	4.0	4.8	3.4	5.5	3.8
Conservatives	23.4	26.4	27.0	25.9	24.3	24.6
Single-Tax Party	1.5	--	--	--	--	--
Socialist People's Party	11.5	14.6	13.6	15.6	15.0	15.4
Green Party		--	--	--	--	--
Humanist Party		--	--	--	--	--
Int. Socialist Workers	0.1	--	--	--	--	--
Communists	0.7	--	--	--	--	--
Marxist-Leninist Party	0.0	--	--	--	--	--
Center-Democrats	4.6	2.6	4.1	3.0	3.5	3.1
Christian People's Party	2.7	2.1	2.1	--	--	2.6
Liberals	12.1	13.2	12.3	12.3	11.2	11.6
Left-Socialists	2.7	--	2.1	--	--	2.1
Progressives	3.6	--	--	2.5	3.7	3.0
Other parties*		7.0	4.4	5.6	5.7	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

*Parties with less than 2 percent of the votes

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6578
CSO: 3613/158

CP PARLIAMENT CANDIDATES FROM YOUNGER GENERATION

Copenhagen INFORMATION in Danish 19 Jun 86 p 3

[Text] The Danish Communist Party will have five new leading candidates in the next Folketing election. The sixth leading candidate comes from the party's "old guard," namely party chairman Jorgen Jensen.

The Danish CP has not been represented in Folketing since the 1979 election due to the fact that the party has been unable to pass the 2 percent cutoff barrier.

The party's new leading candidates all belong to the younger generation. One of them is the chairman of the Horsens branch of the Semiskilled Workers' Union, Ole Sohn, who has been mentioned as the most likely successor to Jorgen Jensen when he resigns the chairmanship, which might happen this fall.

The other new leading candidates are Bernard Jeune, former chairman of the Young Doctors' Union, Frank Aaen, political editor of LAND OG FOLK, Trille Bodtcher Hansen, a member of the Pedagogical Assistants' Union executive committee, and Rita Sorensen from the Union of Retail Business and Clerical Workers.

The nomination of Danish CP candidates was approved at the party's central committee meeting on Sunday, central committee special secretary Hans Kloster told RITZAUS BUREAU.

Danish CP chairman Jorgen Jensen told LAND OG FOLK Wednesday that one of the important points for the party now is to participate actively in the debate on a labor majority and that the Danish CP congress in October will concentrate on the discussion of a labor majority.

6578
CSO: 3613/162

MP'S DEFECTIONS SEEN CREATING DIFFICULTIES FOR LEFT SOCIALISTS

Paper: More Will Follow

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 1

[Article by Carl Otto Brix and Per Lyngby: "SF: VS Is Finished"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Anne Grete Holmsgard and Jorgen Lenger have resigned from VS [Left Socialist Party]. Former Folketing member Preben Wilhjelm says that if the Left opposition retains power he is through in the party.

"The Left Socialists must be finished." That was the immediate reaction of SF [Socialist People's Party] chairman Gert Petersen to the announcement that Folketing members Anne Grete Holmsgard and Jorgen Lenger have left VS and applied for membership in SF. Gert Petersen commended that application.

The announcement of the two defections came yesterday, and the reason was that the group "Red Realists" to which the two belong had not got people high up on the candidate list. VS will not accept the positive line, which Holmsgard and Lenger favor, for obligatory surplus distribution.

There is no doubt that others will follow them out of the party, but former Folketing member Preben Wilhjelm says that Holmsgard and Lenger have been too impatient. He believes that the present leadership is sectarian and says that if the so-called Left opposition retains power he is through with the party. Another former Folketing member Steen Folke says that something radically positive must happen at the fall congress before he will believe in the party's future.

'Red Realists' Disappointed

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 5

[Article by Carl Otto Brix: "VS Disrupted: Two Folketing Members Resign"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Folketing members Anne Grete Holmsgard and Jorgen Lenger do not believe that VS can be a realistic cooperative partner in a labor majority.

"Don't bother me with beets and cabbage, now I would rather spear eels."

With this little nonsense by Halfdan Rasmussen, MPs Anne Grete Holmsgard and Jorgen Lenger yesterday resigned from the party to which they have belonged for 10 and 17 years respectively: the Left Socialist Party.

In other words they have not lost their sense of humor, but only the belief that they could turn the party into a "committed, visionary and realistic cooperative party in a coming labor majority."

'Red Realists' Without Backing

The so-called top 20 within the party--meaning the members' list of their favorites among the Folketing candidates--shows that the "Red Realists", to which the defectors belonged, have not gained sympathy among the party members. It is the traditional VS positions, represented by MPs Keld Albrechtsen and Elisabeth Bruun Olesen, which won.

That is one of the drops that caused the cup to run over. The other is that the two did not get backing for an endorsement to the proposal for obligatory surplus distribution, which the Social Democratic Party [SDP], SF and RV [Radical Liberal Party] had arrived at.

They believe that this was one of the issues on which VS could have demonstrated its good will.

Guest Without Thoughts of Revolt

During the press conference yesterday at Christiansborg with cool white wine it was not Anne Grete Holmsgard's and Jorgen Lenger's presence which attracted the most attention, but on the contrary, their fellow group member Steen Tinning's.

Steen Tinning believes that the two former fellow group members should turn over their seats to their replacements, but they do not have that in mind.

Seek Membership in SF

After a period of independence they will seek membership in the SF Folketing Group. They say it is not to maintain their political careers. In SF, in order to be nominated one must be a member for one year. The party nominates candidates in the fall, and the choice is valid for two years. Anne Grete Holmsgard and Jorgen Lenger will not seek dispensation.

Party's 'Most Gifted' MP's

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 5

[Article by Carl Otto Brix: "VS's Farewell to the Folketing"

[Text] The farewell from the two most gifted of VS members of the Folketing probably also means farewell to VS representation in the Folketing.

The party will of course live on as a mixture of leftwing groups--it has itself peeled off a few of them previously--but the political influence which is given to the party by election to the Folketing will be finished in the next election.

That puts a period to the end of a motley political history, for which the youth riots of the sixties fired the starting gun.

Even the founding was dramatic. SDP tried in 1968 to use the red majority together with SF to introduce an income policy, but SF splintered, the majority disappeared, Jens Otto Krag called an election and with great fun the ones who broke out reached the minimum limit of two percent. VS was born, a child of SF and a child with great problems. It first broke in two when Kai Moltke and Hanne Reintoft formed their own Socialist Labor Group, and thereafter Hanna Reintoft continued over to the Communist Party of Denmark.

Silence fell over the party, and it did not go well in the elections of 1971 and 1973, but in 1975 VS again passed the minimum limit, and has kept well over it ever since.

Under an SDP government there has been elbow room in the border area where VS operates. A government must do as much as it can according to its party platform or its ideals, but with the SDP in the opposition there is no more room on the leftwing than SF itself can fill.

VS could survive by living off biting the great, heavy SDP on the leg and challenging it with good ideas and references to the true marxist dogma, but after 1982 the situation changed. At least parts of VS thought so. Now it was no longer a case of interfering with SDP, but of standing together with it against a nonsocialist government.

The Left Socialists are in the dilemma in which all the high ideology parties find themselves: How should they act when the opportunity to take "a step in the right direction" arises. That often means that one must give up, or postpone the plunge.

Anne Grete Holmsgard and Jorgen Lenger have chosen OD [surplus distribution] as the cardinal point. It was their opinion that this was the opportunity to demonstrate a majority over the four-party government, as the SDP, SF and the RV agreed to a formula which called for obligatory surplus distribution. When the two subscribed to the report there would be 90 votes and therefore a majority in favor.

The traditional VS position is that surplus distribution merely takes away the workers' hard-earned pennies, and that is still the party's position.

The defectors say that VS has become traditional and they have lost patience with the avant garde of the 70's, which has become the rear guard of the 80's.

If it is also correct that the organizational apparatus of VS is crumbling, then everything indicates that the Left Socialists are holding anxious discussions internally, and without being conspicuous will depart the Folketing political arena.

Remaining MP's Criticize Move

Copenhagen BERLINGSKE TIDENDE in Danish 1 July 86 p 5

[Article by Per Lyngby: "Those Remaining in VS Say Defectors Should Give Up Seats"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The three remaining VS MPs believe that Anne Grete Holmsgard and Jorgen Lenger should give up their Folketing seats to VS rather than taking them over to SF.

The three MPs, Keld Albrechtsen, Elisabeth Bruun Olesen and Steen Tinning believe that to change one's mind and resign from VS is an honorable act. But Anne Grete Holmsgard and Jorgen Lenger should have given up their Folketing seats at the same time as they go over to SF.

'VS Has Not Changed Its Position'

They said that the reason for their statement was that Anne Grete Holmsgard's and Jorgen Lenger's voters had voted for them as VS members.

"And it was not VS, but Anne Grete and Jorgen who have changed their positions since the last election," said a joint declaration from the three VS members.

Furthermore they criticized Anne Grete Holmsgard and Jorgen Lenger for not waiting until the party congress in October. Then VS will clarify its position for a coming SDP or SDP-SF government.

On Sunday the VS Executive Committee will decide who will replace Anne Grete Holmsgard as political spokesman.

Socialist People's Chairman Comments

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 5

[Article by Per Lyngby: "SF Chairman: VS Having a Hard Time"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The party will dwindle away "if the very sectarian attitudes" prevail, said the chairman of SF.

VS is having a hard time following the defection of two of its most dynamic characters. And the party will really dwindle away if the very sectarian attitudes in VS now prevail.

Gert Petersen, VS chairman, said that to BERLINGSKE TIDENDE. In the same breath he added that it would not necessarily be an advantage for SF if VS did leave the Folketing. In recent years Gert Petersen has not considered himself hampered by VS.

On the contrary he believes that especially in the security policy area SF has had remarkable cooperation with VS members. Gert Petersen hopes for continued cooperation with the remaining members of VS.

Anne Grete Holmsgard and Jorgen Lenger will soon be taken in by SF at the beginning of September when the party holds its ordinary Executive Committee meeting.

"Personally I will naturally warmly recommend their acceptance into SF. I have no doubt that their opinions are closer to ours than to the classic VS viewpoints," said Gert Petersen.

Wilhjelm Weighing Founding Party

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 5

[Article by Per Lyngby: "Wilhjelm Waits"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Preben Wilhjelm, who was a cofounder of VS, is considering founding a new party on the leftwing if the split VS is transformed into a sect.

One of VS' cofounders, Preben Wilhjelm, will resign from VS if the party's so-called Left Opposition, to which Elisabeth Bruun Olesen and Kjeld Albrechtsen belong, takes over the power in the party. But he will think it over carefully before deciding whether his political future lies in SF or in an entirely new leftwing party.

He announced this to BERLINGSKE TIDENDE yesterday after VS broke up.

"If the Left Opposition returns, VS will become a sect such as SAP [Socialist Workers Party] and KAP [Communist Workers Party] with 0.2 percent of the voters and its own little newspaper, and I will not feel at home in the party. In that case they have outlived their usefulness," said Preben Wilhjelm.

To him the thought of forming a new party is not remote. Preben Wilhjelm was present at the formation of SF in 1958 together with Axel Larsen, and he helped break up the party and form VS in 1967.

Another of the VS veterans is Steen Folke, who together with Preben Wilhjelm was sacrificed to the party's rotation principle in the latest Folketing election.

"The party has been engaged in a long and self-destructive process. Something remarkable and radically positive must happen at our congress in the fall before I will believe that the party has a future," said Steen Folke.

Paper Comments on Implications

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 10

[Editorial: "Red Realism"]

[Text] When Folketing members Anne Grete Holmsgard and Jorgen Lenger left VS, and when later in the year they are expected to be followed by Steen Tinning, there was no talk about realism leaving the party. Because there has never been room in the party for a realistic policy. They have formed a fraction which calls itself "The Red Realists," but it is of very recent origin, and there is no visible sign that the real nucleus of the party--the over 1000 party members with a past in the student riots and a future in perpetual dissatisfaction with the existing conditions in society--will be susceptible to that kind of thinking which the aforesaid fraction was involved in.

The fact is simply that VS, in all of its short lifetime, has been an idealistic party.

Idealistic in the sense that it has placed the great, lofty political goals in the seat of honor, and toward everyday politics it has preferred to sit on its hands instead of participating in the process.

Individual members have become involved in single issues of community life--a few have done it with talent--but the majority have found that as long as they sit on their hands, they wont get dirty.

In such a party there is no room for realism. VS wants to prepare for the revolution, and most of their force is used to clarify the attitudes which will apply when they are no longer fighting against capitalism, but forming a new society.

The result has been endless quarrels about slogans and about political interpretations of how the dawn of socialism can become full daylight, with new living conditions for the revolutionary flock.

Sunday's break will be considered by the still redeemed as a fresh cleaning, after which it will be still easier to make rules for playing in the sandbox. Those left behind will therefore not be sad.

The apparent winner in the game is SF, which can now increase its Folketing Group. But the question is whether the party over a little longer period is especially served by that.

In a period when SF is orienting itself more toward the Right in the political game, it will not be a simple task to get new members with roots in the far Left to follow footsteps in the Folketing Group. Debates will be longer, and clarification of viewpoints more difficult.

Another possibility is that the two VS defectors are on such a wild flight from old VS positions that they will run to the right of SF's leftwing and will demand greater realism in SF's policies. If that happens it would also be difficult for SF.

The most certain message for the future is that VS is finished as a Folketing party. They are lacking a united character, and there is no prospect that they will be able to form a policy which will have broad appeal to leftwing voters.

The dawning realism has arrived at the door of the advance troops of the revolution. The eternal game of the advance troops can continue, undisturbed by the surrounding society.

9287
CSO: 3613/166

COEXISTENCE RECOMMENDED FOR GREEKS, TURKS

Athens POLITIKA THEMATA in Greek 30 May-5 Jun 86 p 3

[Text] The subject is almost exhaustively covered: Turkey is a member of NATO. And so is Greece. Greece and Turkey are (or they used to be) a cornerstone of the Atlantic Alliance. Neighboring countries and allies with regard to the dangers from the north, they always had some issues between them about which to quarrel. That is usual for neighbors, especially when they are also poor.

The two nations, brought up with all the elements that divide them, are not allowed to see the times that lie ahead; they only see the problems between them. And they rekindle old animosities as they celebrate every other day some anniversary of some heroic battle or victory.

Thus, nations with many needs, with huge economic problems, sacrifice their meager resources in order to maintain war readiness, stalking and spying on each other, to see that one does not go three meters inside the other's airspace, or the other does not fish for some sea bass in the other's waters!

Huge war expenditures--we call them defense expenditures in the deeply hypocritical language of our time--waste money on surveillance, on mini-alerts, on fortifications, or the renovation of weapons, on orders for repairs and construction, or on purchases of the century.

But this nightmarish scenario is entirely manufactured. Because behind the military outposts where soldiers stand with their finger on the trigger, beyond the roar of the aircraft and the exchange of tough communications, where all dissolve and become a simple daily human relationship, we see the people who love each other sincerely and cordially since, through living side by side for centuries, they learned to know each other, they have experienced common human joys and sorrows, they understand each other, they come to love each other.

This relationship which is real, today is again threatened to be bloodied. But before we reach the point where cool assessments and reasoned statements are in danger of being considered national treason or defeatism, let us say it again!

These two NATO allies are condemned--As K. Karamanlis once said--to live harmoniously. No one chooses his neighbor. He lives next to him with mutual concessions and adjustments.

The truth is simple: NATO guarantees the territorial integrity of each of its member states not only from foreign enemies, but also from internal foes.

This is the proposal presented recently by Professor Angelos Angelopoulos. After such a formal declaration let Papandreou--Not Sartzetakis--go to Ankara or let Ozal come to Athens, to cancel the orders for weapons so we can build schools, have scientific research, productive investments, infrastructure projects, or social income.

Greece and Turkey can live happily because their people want it. It is only necessary for their leaders to express this desire.

The rest is talk being paid today in gold. Tomorrow, by pushing and pushing, it may be paid in blood!

7520
CSO: 3521/178

BRIEFS

RISE OF KKE'S ANDROULAKIS--Just because of the key position he has held for several years now as chief of the party's Press Office, Mimis Androulakis could have been KKE's "spokesman". But Androulakis, who was recently elected alternate member of KKE's Politburo, is more than that, or rather, he has been entrusted with very significant political duties. As you may have noted, Androulakis is the only high KKE official--with the exception of of course, of Khar. Florakis--assigned [by the party's Politburo] to make public in his public speeches all the party's proposals for unit action [with other parties], and all the new political directions and developments. I am told that the party's Politburo has assigned those duties to Androulakis not only because he has Florakis' confidence but also due to general recognition of his abilities and to his being one of the best representatives of KKE's "new generation." And now something behind the scenes: In the next few weeks, the Androulakis speeches will be extremely interesting and will cause many discussions. [Text] [Athens TAKHYDROMOS in Greek 29 May 86 p 9] 7520

CSO: 3521/178

WELFARE MINISTER REVEALS PLANS FOR ASYLUM SEEKERS

The Hague ANP NEWS BULLETIN in English 26 Jun 86 pp 4-5

[Text]

The Hague, June 25 - Dutch government plans to improve accommodation facilities for asylum-seekers were unveiled in a letter to parliament from Welfare Minister Eelco Brinkman yesterday.

Under the plans small groups of asylum-seekers will be lodged in flats and houses rather than in boarding houses where large groups of asylum-seekers are currently housed.

Cramped and insanitary conditions in the boarding houses sparked violent protests by Tamil refugees throughout the Netherlands in April.

The plans, to be implemented next year, envisage a major role for municipal authorities in accommodation and care for asylum-seekers.

A municipality providing accommodation will receive a monthly government grant of 738 guilders per asylum-seeker to cover housing, health insurance and various other costs.

Favourable Response

The asylum-seeker himself will receive 446 guilders per month to cover the cost of food and clothing.

Minister Brinkman said in his letter to parliament that the new scheme was intended to provide 'sober and humane' treatment for asylum-seekers.

Dutch facilities should not be better than those in neighbouring countries to prevent asylum-seekers from being drawn to the Netherlands, he said.

Brinkman's letter won a favourable response from both the Dutch Refugee Work Association (VVN) and the Association of Netherlands Municipalities (VNG).

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CSO: 3600/27

SPY FOR GDR FREED ON TECHNICALITY

The Hague ANP NEWS BULLETIN in English 27 Jun 86 p 6

Amsterdam, June 26 - A 43-year-old Dutchwoman, sentenced to two years jail in May for trying to pass military secrets to East Germany, was free today after an appeals court here ordered her release on technical grounds.

Ellen Tunnissen, a member of a communist fringe party, admitted during her trial that she had copied documents about NATO tank armour at the Amsterdam patent office where she worked.

The prosecution said she arranged for the copies to be collected by an East German agent and that she could have done grave damage to NATO's conventional defences if the transfer had been completed.

Tunnissen's lawyer R. Heukels said he expected his client to remain in the Netherlands but noted that she was not obliged to do so.

Amsterdam public prosecutor Henk Wooldrik said today that Tunnissen's release on a technicality was a 'rather irritating matter'.

Error in Document

He said he could not judge whether Tunnissen would take advantage of her freedom to flee the country.

Heukels said a chamber of the appeals court ordered Tunnissen's release after he pointed out an error in a document authorising extension of her detention during her trial.

The document did not state 'urgent reasons' why the woman should remain in custody, as required by the law, he said.

Heukels said he had opened appeal proceedings against Tunnissen's conviction and was able to point out the error during a regular remand hearing, held each month pending a ruling on the appeal.

/9274
CSO: 3600/27

DESERTIONS FROM CDS, PRD, EARLY ELECTIONS FORESEEN

Lisbon TEMPO in Portuguese 11-17 Jul 86 p 12

[Article by Joao Rosa]

[Text] A prominent national leader of the PSD, speaking informally and confidentially to TEMPO, assured us: "There is no doubt that resignation of the government by the end of October, or early November, is inevitable. We have more than enough data to be certain about this. Then, early elections will be just as inevitable. In fact, the PSD has already started oiling up its election machinery to get underway in late August."

According to our source, the leaders of the social democrats expect the government to resign--as indeed is widely predicted--immediately following presentation of the state budget for 1987, "which will certainly reach the assembly by the constitutionally stipulated date of 15 October."

Elections are not likely to be held until March, inasmuch as dissolution of the assembly, with the whole process of conversations and consultations this involves, is not likely to happen before the middle of December.

But the forecasts made in Buenos Aires are not yet ready to deal with the question of the caretaker government that will take over during the 3 months that must precede the election, "including whether or not Cavaco Silva himself will be available to act as its prime minister."

The same source told us that, although more specific information is still "a secret of the gods, we are already receiving reliable reports that a 'phenomenon' is quietly developing, to explode at the proper time, involving the desertion of many persons, including top-level figures, from the CDS and the PRD [Democratic Renewal Party], who will join the ranks of the PSD.

"Some of them, of course, from one side as well as from the other, are merely persons who, in view of the likelihood of an electoral defeat, wish to safeguard their future, specifically as deputies and local officials, so as not to become politically unemployed," our source asserted.

"Exactly who the are," he added, "few, very few, within the PSD really know; in most cases, at least the most important ones, only the individual himself knows."

It is supposed, in social-democratic circles, that "admission" of such a contingent of "converted" Christian democrats and renewal democrats will be done with very demanding criteria of effective political commitment to the PSD platform and the leadership of Cavaco Silva, in order not to arouse excessive reservations on the part of party leaders and rank-and-file, among whom there are many who do not accept with good humor being dislodged or passed over by such new acquisitions from outside.

"Only extreme care and very good common sense will prevent today's disciplined troops from becoming unruly tomorrow," our source points out.

The scenario resulting from this "phenomenon" of desertions from the CDS and the PRD and their respective joining of the ranks led by Cavaco Silva would thus be the following:

A definite split within the CDS, with additions to the number of those who will line up, within the context of the Twenty-first Century Foundation, behind Freitas do Amaral and with the revelation that there are those who would abandon the CDS to join with Cavaco, still leaving some, such as Adriano Moreira, to maintain a small, but still important, CDS to have its say in the future parliamentary chess game.

An inevitable breakup of the PRD, split between the PS [Socialist Party] of Constancio and the PSD of Cavaco, leaving an indecisive few, with a uncertain future, except for their personal loyalty to Ramalho Eanes, who, in view of this schism, will have the grounds he may be looking for to finally decide to neither join nor lead this type of party.

A PSD that would be a truly serious candidate for an absolute majority, through the additional votes coming from the express inclusion in its ranks of the former members of the CDS and the PRD and the personalities of Freitas do Amaral's "court," an absolute majority that, should it by a narrow margin still escape it, would later be assured, in the future parliament, by an agreement with the new CDS, which would thus, after all, continue with the right to be important, even more so than at present.

An autumn that thus has prospects of being hot and innovative.

8834
CSO: 3542/126

COMMENTS ON PERSONALITIES IN NEW PSD LEADERSHIP LIST

Lisbon O JORNAL in Portuguese 6-12 Jun 86 p 11

[Article by Fernanda Mestrinho]

[Text] Surprises and some recoveries marked the single list that, following the vote for the national organs, became the team that is going to lead the PSD.

Let us begin with the Political Committee:

Antonio Capucho--Chairman of the Parliamentary Group, with a seat in the Political Committee by virtue of that fact, accepted one of the vice-presidencies of the party. A former secretary general, former secretary of state, and former minister of quality of life, Antonio Capucho occupies in the Cavaco Silva team the highest party position he has held until now. A former supporter of Joao Salgueiro, his name certainly came as a surprise.

Vitor Crespo--Another of the Party's vice-presidents. Former minister of education under Sa Carneiro and Pinto Balsemao, he was also ambassador to UNESCO. A chemical engineer, Vitor Crespo was chairman of the permanent committee when the party was led by Mota Pinto. Discreet but influential, his elevation to the vice-presidency was also not expected by the press.

Carlos Brito--Current civil governor, his appointment as vice-president of the Political Committee is the result of the pressure of the Oporto district organization, which was rebelling over its scant representation. He was the Number 2 man in the chamber management of the previous president, Paulo Valada. An EDP technician, Carlos Brito is regarded as one of the good acquisitions for this new Social Democratic team.

Rui Carp--From what we have been told, even he did not expect this invitation to the Political Committee. Current secretary of state for the budget, he has shown to be a person close to Cavaco Silva, under whom he served as subsecretary of state in 1980. He is a Social Democrat close to the Lisbon Group, according to some officials.

Morais Sarmento--With this entry into the Political Committee, Cavaco Silva gives the current leadership of the JSD headed by Pedro Pinto a resounding slap on the face. A lawyer, 25 years of age, he was the youngest president of the Lisbon PSD. He was one of the big organizers of the Alameda rally in the legislative election campaign. We were told that he will be the candidate for the leadership of the JSD at the next congress, for which he has the blessing of the Cavaco Silva's current leadership.

It is in the National Council, however, that some new things are noted. With a single list, it is not surprising that some former Balsemistas have been fished out again, or that Mota Amaral and Joao Jardim have chosen to join this group. However, there are names that are news. As for example:

Joao de Deus Pinheiro--Current minister of education, former rector of the University of Minho, he emerged as secretary of state in the central bloc ad an independent. A chemical engineer, Joao de Deus Pinheiro became head of the Ministry of Education under Cavaco Silva. With his entry into the National Council, he marks the beginning of a party career.

Oliveira Martins--Another name for this National Council. A basic member of the PSD and an activist, he is the current minister of public works, transportation, and communications. He has a wide background as manager of public works and a political career that began before 25 April as secretary of state for transportation and communications between 1970 and 1974. Before joining the Cavaco Silva government, he was president of the Engineers Association.

Figueiredo Lopes--This is a significant entry and could be interpreted as compensation for having given up the Secretariat of State for Defense, a decision that he considered the wisest thing to do in view of the fact that he was named as a party in a lawsuit that is currently going through the courts. He already has a long career in the government--uninterrupted since 1978--in Public Administration, Administrative Reform, and finally, in Defense. He was elected deputy in the last legislative elections. A reinforcement of the "government types" vis-a-vis the "political types" of the PSD.

Nascimento Rodrigues--It is a return to politics. He was minister of labor under Pinto Balsemao and vice-president of the PSD under Mota Pinto and Eurico de Melo. A lawyer, very close to labor problems, Nascimento Rodrigues was recently Rui Oliveira e Costa's defense attorney in the case of expulsion from the party.

Vaz Portugal--Another of the surprises in this congress. He was minister of agriculture in the presidentially oriented governments headed by Mota Pinto and Nobre da Costa, in addition to being a member of the PSD Political Committee during the presidency of Mota Pinto. His inclusion in the list of the National Council also represents a big question for political observers and an undeniable reinforcement for the Mota Pinto forces.

Silva Marques--A supporter of Joao Salgueiro and Pinto Balsemao, he agreed to join the single list. He is a deputy and his selection in this list of surprises symbolizes all of those who preferred to "enter" rather than to "wander in the desert," a decision in which he was accompanied by Faria de Oliveira and Abilio Rodrigues...

Finally, with regard to the table of officers of the congress (there are no changes in the Jurisdiction Council), the last and the big news is the name designated by Cavaco Silva for the vice-presidency.

Angelo Correia--This is an astounding political recovery. Former minister of internal administration under Balsemao, an influential supporter of Mota Pinto, it was thought that his political career would be marking time much longer. That did not happen. Angelo Correia will know how to move about even more now that he is occupying an apparently not very important position. He will know how to get around it intelligently, as was already being said in the wings of the Coliseu.

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POSSIBLE FUTURE PSD-PRD COOPERATION VIEWED

Lisbon O JORNAL in Portuguese 4-10 Jul 86 p 9

[Article by Rogerio Rodrigues]

[Excerpt] The PRD is waiting for autumn for the redefinition of its political strategy--this is the version the reformists are currently using to justify the latest positions taken in Parliament, especially with regard to the vote of confidence called by the government.

Until Eanes joins the PRD, which will happen (and this action is considered peaceful and inevitable by the reformists) at the Second Convention, to take place, theoretically, in Oporto during the first half of October, the reformists will remain hopeful with regard to the direction of Portuguese politics.

Neither Constancio's leadership, recently assumed in the PS Congress (a more dangerous leadership for the reformists than would be that of Jaime Gama, for example), nor the voices that, dispersed but continuous, continue to bear upon public opinion with insinuations or affirmations that the PRD, from now on, will have no reason to exist, for lack of room (an idea which continues to be circulated and which is important, above all, to the strategy of the socialists), will cause the PRD to launch a political offensive that will prevent the public from forming an opinion of the position of the reformists' party as precarious.

They await Eanes' clear leadership, convinced that the charisma of the ex-president of the Republic in the democratic Portuguese family is much stronger than that of Constancio and that the new socialist leader could suffer disaffection, in the medium term, in the heart of the party.

Invitation to the Government

Two times the siren has sung for the ears of the reformists: Cavaco Silva, through his ministers, sent informal invitations to PRD stalwarts to be partners in the sharing of power.

Two times the PRD resisted. But the possibility remains of a joining of forces between the social democrats and the reformists around winter, after the reformists will have completed a year of PSD government.

This position is defended by some reformists on the grounds that if the PRD arose precisely because of and against the political practices of the PS (and not merely because of and against its leadership of the time), it would be very difficult for the two adversaries of the same family and with the same electorate to join forces.

But that which is decisive for the PRD is in the hands, as usual, of its natural leader, Ramalho Eanes. This scenario, however, acknowledged by some reformists for this winter, is not received calmly by others whose "Aprilist" positions could only be conciliated with difficulty with a center-right strategy, as would be that of those joining forces with the party of Cavaco Silva.

The "Secrets" of Abstaining

Eanes was advised by Cavaco Silva that he was going to propose a vote of confidence to Parliament. And the ex-member of the PR indicated to the Directive Committee of the PRD that he was in favor of abstaining.

We do not know if, at the time the Parliamentary Group discussed its inclinations toward the vote, it already knew, as a group, Eanes' position. In any case, we are able to affirm that Hermino Martinho had scarcely revealed the Directive Committee's position when the speeches had already practically run their course and the position of the majority of the Parliamentary Group had been in favor of abstention.

Some voices were raised at the beginning "against" abstaining. Among others were those of Marques Junior, Carmelo Lobo, Vasco da Gama Fernandes and Antonio Paulouro. Jose Carlos de Vasconcelos was from the beginning one of the defenders of abstention. However, it was probably the lengthy speech of Magalhaes Mota that proved to the most reticent that, at that time, the best thing for the PRD would be abstention.

A minority movement still called for some concessions to be required of the government. Two or three deputies (among whom was a member of the present Directive Committee) went so far as to propose that the reformists vote in favor, fearing that the CDS might abstain, since until the last minute the centrists' position was not known. As one of those present at the meeting confessed to us, they went through some rough moments between lunch and dinner, the space of time during which the PRD marathon took place.

When the moment of truth arrived, 44 of the 45 deputies voted in favor of abstaining. Silva Lopes was out of the country. Although it was a free vote, the PRD deputies probably did not want to repeat the disagreements of the Vizela case.

Inside Eanes

Something changed during Eanes' trip to the country. If in Belmonte--where he inaugurated his contacts with the PRD electorate--he still said "your party," later in Palmela he referred always to "our party."

Explanations that were given to us for this "nuance": Not yet being militant, he utilized "your"; on the other hand, although he continues not to be militant, but is recognized by everyone as the leader, he has started to use "our."

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PRESENTLY UNSTAFFED INTELLIGENCE SERVICE TO BEGIN RECRUITING

Lisbon O JORNAL in Portuguese 4-10 July 86 p 7

[Article by Lurdes Feio]

[Text] General Pedro Cardoso, considered the "strong man" of the Intelligence Service (SIS), has an office on Gomes Teixeira Street, where he has already acted as a consultant to the prime minister, namely for southern African affairs. In the meantime, the SIS should already be partially functioning by next year, with a total of 300 officers, most of them recruited from among the universities and the military.

Taking upon itself the role of collecting and analyzing information essentially directed at preventing situations that involve terrorist acts or subversive activities that threaten the interests of the state and the citizens in general, the SIS, according to its officials, will favor the research and analysis of information produced by the mass media and various publications--so-called "overt" information--and to a lesser degree, research of "covert" information which, in this case, could involve citizens possibly considered "suspect."

For the SIS, persons who apparently do not have a job, live very much above their "normal" means, or lead secretive lives could be targets of future investigations, in particular when the antiterrorist section of the SIS, whose complete functioning is estimated to commence around the middle of 1987, begins operations.

The "Suspects"

The possibility of the SIS becoming a "political persecutor" does not seem to worry its leaders in the slightest, although they admit that "political extremists, on the left or on the right, will justify the special attention of the service." Fundamentally, for the SIS, everything falls under the objective of "preventing the public administration from being surprised by any actions of a subversive nature or that in any way impinge upon national interests and objectives." And the "surprise" could range from an outbreak of terrorism to sabotage, from a street movement to fraud. "Democracies are fragile," they argue.

"Our job is not to investigate criminals, pursue those guilty of specific acts, nor even less, arrest people, since we are not police, but rather specialists in information gathering. Our work will be, always, preventive, in the sense of furnishing federal agencies with facts that will permit them to anticipate events. And in addition, we analyze the causes and the consequences, the possible international connections, in order to obtain a completel picture of the facts. We are investigators of situations, not of people, although the latter can lead us to the situations," explained an SIS source to O JOURNAL.

Lacking Light and Water

At present, the SIS is little more than a plan. Although some months have passed since its formal creation, the Intelligence Service still occupies a large, almost unfurnished building, where telephones are scarce, light is provided by the builder, and not all of the sanitary facilities are supplied with water. The "staff" is, for now, reduced to management (some of whom are kept in the "shadows"), a half dozen security men, and a few administrators. The office of the director, Dr Ramiro Ladeira Monteiro, has been installed on the third floor--"the only one inhabitable, for the time being"--and in spite of the fact that many candidates have already come to the building on Alexandre Herculano Street in Lisbon, the majority of them are young, of both sexes, looking for their first job...and no recruitments have yet been made.

According to our sources, the SIS will begin admitting technical officers around the end of the summer, after having collected personal data (family environment, professional status, economic and social situation, current and past activities) and the necessary psychotechnic tests. Apart from the minimum required educational skills (bachelor's degree for management positions, 11th grade for information collecting specialists) and the age limit (between 25 and 55 years), the candidates will have to belong to the desired profile: "discreet," in order to work without being visible, and "stable," in order not to become vulnerable.

Three Hundred Officers (Not Counting Ex-Members of PIDE)

"A service of this type should, first of all, look for officers, and we plan to do so, namely from the teaching establishments and the military services," stated our sources.

The objective seems to be to give the image of transparency and competence to the SIS and, at the same time, to avoid the risks related to information leaks, espionage or any illegalities on the part of its future 300 officers --the number foreseen for the initial phase, including all personnel. "We do not want our officers to be ashamed of saying that they work here, especially considering the PIDE complex that has been ingrained in the Portuguese population," he told us.

In that sense, the legislation approved by the AR appears to be considered good, sufficient to permit an efficient control of SIS activities, namely in that it prohibits the hiring of ex-officers of the former PIDE/DGS, of foreign citizens or of individuals who, in any way, have a less than desirable past. In fact, SIS officers will be reinvestigated whenever necessary, that is, whenever their initial situation changes--their manner of living, marriage or divorce, family problems. "We prefer persons who are already married and with a stable and secure relationship," they told us.

English Inspiration

In spite of these precautions, the SIS will obviously not be immune to the risks and maneuvers with which its foreign counterparts have been rife. Its main inspiration, the British Secret Service, has already spilled a lot of secrets, and the same has happened to the Americans, with whom the SIS will maintain privileged relations within the NATO environment, or even with other services in the EEC (Italy, Federal Republic of Germany, France), to whose structures and organisms the SIS will inevitably be connected. But the philosophy of the SIS directors seems to be that, despite the risks, the advantages are indisputable, in a country where foreign spies circulate at will and in an abusive manner. "They pay very well for that, but they will now have to have discipline, corrections or even rejections of the bad habits they have acquired," our sources guaranteed us.

However, as O JORNAL has concluded, the creation of ths SIS seems to have been welcomed by Portugal's closest allies, namely the U.S., Spain, Great Britain and, in a general way, NATO and the EEC.

The incidents divulged in the international media, involving foreign secret services, at times accused of illicit espionage, violence and political interference, do not seem to bother the SIS directors a great deal. What contributes is, on the one hand, the philosophy of the "mild Portuguese way of life"--"We are not a people of spies, nor are we brought up like the English or Germans"--and on the other hand, the lack of large and serious political interests in our country. "But everything will depend, also, on the directors, on their philosophy and orders, and on the advantages that can be derived from this type of institution," some sources admitted.

There are those who see the activities of the SIS as depending on the ability of the federal agencies to control it, namely the AR which, besides its representation on the SIS Budget Committee, should have a Parliamentary Information Committee, "perfectly compatible with the approved law." Others fear the possible and undesirable direct relationship between the SIS and the police, through centralization of both in the Ministry of Internal Administration.

But one of the major targets of fear occupies, at this time, an office on the seventh floor of the building of the president of the Council of Ministers, on Gomes Teixeira Street--here General Pedro Cardoso has installed himself, having some months ago been named secretary of the Technical Committee for the creation of the SIS.

According to our sources, Pedro Cardoso, a four-star general considered one of the greatest information specialists, and who has been referred to as the veritable "father" of the SIS, will become the principal adviser to the prime minister in this field, counting on a small "staff" of four analysts for this task. As knowledgeable sources close to Gomes Teixeira Street told O JORNAL, Pedro Cardoso has already advised Cavaco Silva on questions relating to southern Africa, namely with regard to the future of Portuguese emigrants in that area, and there are those who cite contacts maintained between the general and circles close to the PR, also on African affairs.

In theory, Pedro Cardoso has the task of helping to create the SIS, but his future influence could vastly surpass this role, easily turning him into the "shadow" coordinator of Portuguese "Intelligence." His current contribution is justified by some sources as a rational form of transferring to the SIS methods of information gathering that, because of the previous non-existence of the Service, have until now been handled by the military.

Cunhal Could Be Watched...

Public figures who possibly do not have a fixed residence or who generally try to keep their private lives out of the public view could be targets of future investigations on the part of the Intelligence Service.

This intention was implicit in the response that a high official of the SIS gave recently to the secretary general of the PCP, Alvaro Cunhal, when the latter demonstrated his reservations regarding future activities of the SIS.

"As long as you persist in not saying where you sleep, hiding your private life and maintaining a semi-clandestinity, you will naturally arouse suspicion. But the fault is yours," the SIS official told the communist leader.

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CGTP-IN SUFFERS LARGE MEMBERSHIP LOSSES

Lisbon O JORNAL in Portuguese 6-12 Jun 86 p 20

[Article by Jose Pedro Castanheira]

[Excerpts] A loss of membership and financial difficulties are the visible symptoms of the crisis which the CGTP is experiencing. It is a crisis that is equally political-unionist in nature and was the principal reason for the tactical turn that occurred at its fifth congress which, as Jose Luis Judas said, was not a normal or formal congress.

In 1983, the CGTP had mobilized 1,583,118 workers from among affiliated and nonaffiliated unions. Three years later, the confederation brought to its fifth congress delegates representing 1,377,656 workers. That is, the number of union members belonging to organizations connected with Inter has dropped 205,000 in the last 3 years, which means a loss of 13 percent. If we subtract the workers represented by unions present but not affiliated from the number announced at the congress, we arrive at the conclusion that the CGTP represents a little more than 1.1 million workers at the present time.

These figures were gathered from the CGTP itself and it is well known in the union movement that if they sin, it will certainly not be by omission. The confederation knows better than anyone else that its membership has been declining appreciably.

Eroded Finances and 2,000 Employees

Another difficulty closely connected with the drop in membership is the confederation's financial crisis. The problem was also taken up during the congress, specifically by Antero Martins, an influential cadre from Vitor Cordon. The crisis being experienced by the country, said Antero Martins, "has naturally been reflected in the workers' assessments and raised very serious problems for the normal management of the unions the economic and financial situation of which, with a few exceptions, appears much more eroded today at the time of the fourth congress."

The CGTP apparatus is huge. The activities' report describes it concisely: "Hundreds of equipped facilities spread throughout the country; a vast park of machines and vehicles; about 2,000 employees, actual aides; and receipts of many hundreds of thousands of contos from annual assessments."

For many years, the "machine" obtained as much money as it could from the metalworkers' unions, then the real financial backbone of Inter. But hard times also knocked at the door of metallurgy and the problem is becoming aggravated by shortcomings in management and administration.

Situation Changed in 3 Years

The loss of membership and financial difficulties are two inescapable symptoms of the crisis that the CGTP is experiencing which, in many ways, is the result of the more general crisis in the country. Hidden for years, for that very reason it reveals itself to be more severe through the cold language of statistics.

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COUNTRY SEEN 'STRATEGICALLY INTERESTING' TO U.S. CHRISTIAN RIGHT

Stockholm DAGENS NYHETER in Swedish 9 Jul 86 pp 1, 9

U.S. Christian Right in Eastern Bloc Countries

Sweden is strategically interesting to the ultra-conservative Christian movement in the United States. Our location offers the possibilities of reaching the Eastern bloc with political literature under the cloak of Christianity.

At least two Christian right-wing movements in Sweden are doing missionary work on the other side of the Iron Curtain.

As part of the series, "The Hidden Right," DAGENS NYHETER today describes the ultra-conservative Christians in the United States, who are now aiming for the presidency after Ronald Reagan. Their TV-evangelists regularly reach 61 million Americans. In Sweden the battle will be between the Pentecostal Movement and the Word of Life.

[Article by Anna-Maria Hagerfors: "Our Location a Bridge to the Eastern Bloc. Redemption Wholesalers Concentrate on Sweden"]

[Text] "America loves Sweden!" Redemption wholesalers are coming to Sweden from the United States with this slogan, proclaiming that God loves the United States and that Communism is the work of Satan. Sweden is strategically interesting. Our location provides a bridge for reaching the Easternbloc with Christian political literature.

With the new media, even we can have TV-evangelists of the American variety.

Sandy Brown is a converted nightclub waitress and sex-symbol from Las Vegas. In the United States she might redeem up to 70,000 people in one year. The blind regain their sight. The crippled leave their wheelchairs. The deaf regain their hearing.

That is if you believe the promotion for Sandy Brown in Sweden. She has been here several times, invited by the Word of Life, and has spoken to thousands in Stockholm, Uppsala and Orebro.

Sandy Brown is the disciple of Kenneth E. Hagin of Tulsa, Oklahoma, who is the founder of the Success Theology. The idea of its message is that he, who uses his faith correctly, becomes rich and healthy. U.S. Capitalism is God's will. The Communists do the work of Satan.

When Sandy Brown returned home, she wrote to her followers: "Our work has been nationally accepted in Sweden."

In the 1960's and 1970's, American redemption wholesalers were so rare in Sweden that Billy Graham received great attention from the media every time he arrived. Today the politically dark-blue revivalists have punch-tickets for their trips across the Atlantic.

Giant Campaign

A giant campaign is planned for 1988 in Sweden. Luis Palau, the Billy Graham of Latin America, is coming here. Palau wants to go further than Ronald Reagan when it comes to American involvement in Latin-American politics.

At this time, some thirty Christian American organizations are active in Sweden. Some twenty additional Christian movements are strongly influenced by the United States.

There are more than 200 religious movements outside the established churches in the United States. Every month another foundation or association is born. For Christians who are keen on sports, for instance, there is "Sport for Christians" and the diet book "Slim with Him."

Sport for Christians already has a chapter in Sweden with the same name. And if "Slim with Him" is not already here, it will be.

Jerry Falwell, leader of the Moral Majority, is going to Stavanger in October to establish his Norwegian headquarters. There are those who think that it is only a question of time before there is one in Sweden also.

"The love for Sweden of the U.S. Christians has clear strategic overtones. Our geographical location makes us interesting as a bridge for reaching the Eastern bloc." This was said by the Reverend Fred Nilsson, who has charted the Christian right-wing movement in Sweden for the past two years.

"The conservative Christians in the United States often portray Sweden as a spiritual bulwark against Communism. America loves Sweden more than ever," says Fred Nilsson.

Two or three of the movements in Sweden are openly directing their energies towards American missionary work on the other side of the Iron Curtain.

"Salvation to People," is a Swedish offshoot of the American Faith Teaching Ministries (FTM). FTM maintains that its organization has sent a million books beyond the Iron Curtain. It spreads bibles and the politically permeated Success Theology. The parent organization makes no secret of the fact that it views Sweden as a strategic country. Swedish leaders are Ulla and Oliver Lindberg in Tranas. The collection for the eastern campaign is carried out under the guise of "care packages to Poland," for instance.

"Jesus To the Communist World," is the name of another American organization with close ties to Sweden. It does missionary work in the eastern countries. Its leader is Curt Bergstrom in Vasteras. He publishes a monthly newspaper, the VOICE OF THE MARTYRS, a newspaper which is very hostile towards immigrants and which maintains that refugees are Communist terrorists.

The Success Theology which is now spreading a wave of revival across Sweden, has the same roots as the psychological gospel that came here from the United States, which said: "Invest in yourself! Think positive!"

The reason for the Christian Right's success in teh United States is the fact that it latched on to TV very early and realized that it is an effective medium.

"In Sweden the battle will be fought between the Pentecostal Movement and the Word of Life," says Sigbert Axelsson, associate professor at the University of Uppsala. "Both of them already have a leader attitude, that political parties, alternative movements and popular movements are lacking."

"The rapid progress in the United States will be copied here. Full Gospel Business, which also exists in Sweden, has now started a TV-project in France. The Word of Life and other parts of the network are now concentrating strongly on video-production," says Fred Nilsson.

The Pentecostal Movement, which at present is in danger of being swallowed by the Word of Life, has prepared for a long time for its break-through in the new media. Its Inter-TV is a joint Nordic project. In cooperation with the Canadians, it has built a relay station in Brussels for transmitting broadcasts from the other side of the Atlantic.

Recently Inter-TV came to an agreement with TV 1 about airing more of its own programs later on.

Study

The theological faculty at the University of Uppsala has studied how the "evangelizing" is done in Latin America. The study shows, among other things, that Catholic priests are no longer allowed on American military bases in Honduras for fear of "liberation theologians." Only "American, evangelical priests" are welcome. At the same time, the Vatican is beginning to accept its liberation priests. The newspaper, EXODUS, another of the publications of the Swedish network, reprints articles from American newspapers about the advances of the "Christians" in Latin America.

For example, it was said in "Report From Nicaragua": "Even if the country now finds itself in its, perhaps, darkest hour, the Christians are in their lightest."

12339
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GREENEX MINE, ISLAND'S LARGEST EMPLOYER, SOLD TO SWEDISH FIRM

Copenhagen BERLINGSKE TIDENDE in Danish 20 Jun 86 Sec III p 3

[Unattributed article: "Greenex Mine Sold to Sweden's Boliden"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The agreement to sell the zinc mine in Marmorilik to the Swedish Boliden mining company should now be approved by the banks involved.

The Greenex mine "Black Angel" will be taken over by the Swedish Boliden mining company, which should assure the operation of the zinc and lead mine that is Greenland's largest employer.

The mine's former owner, the Canadian Cominco mining company, and Boliden reached agreement on the terms for the sale early this week.

The agreement could not be approved immediately by two of the five banks involved, Chase Manhattan and Bank of America, which reportedly wanted to set up a new repayment arrangement with the new owner as a condition for approving the sale.

An agreement reached yesterday by Boliden, the five banks involved and the Raw Materials Administration for Greenland should now win final approval and the operation of the mine should be guaranteed for the next few years during which time the existing ore will be mined. Further operation of the mine will depend among other things on the world market price of zinc and new ore discoveries.

The details of the agreement are expected to be presented at a press conference that will probably be held today with Greenland Minister Tom Hoyem (Center-Democrat) and the head of the Greenland government, Jonathan Motzfeldt.

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SOVIET FOREIGN TRADE MINISTER VISITS, SIGNS 1987-90 PROTOCOL

Increased Chemicals, Petrochemicals Imports

Helsinki HELSINGIN SANOMAT in Finnish 27 Jun 86 p 24

[Article: "Seven Billion More Imports in Four Years; Soviet Trade Will Not Yet Swing into Balance"]

[Text] Trade between Finland and the Soviet Union will by no means swing into balance with the supplementary trade agreement protocol signed today. According to the protocol, which covers 1987-1990, we will try to increase the volume of our annual imports from the Soviet Union by 250 million rubles, or over 1.7 billion markkas.

Rauma-Repola is expected to receive a decision today on supplying the Soviet Union with three ships, which has been the subject of negotiations that have been going on for a long time now. If the transaction is confirmed, the construction of three so-called shrimp factories will keep Rauma's shipyard busy until 1989. The value of the contract will be about 1.2 billion markkas.

On the other hand, Wartsila felt on Thursday that the company would not obtain contracts for more icebreakers than other ships during Aristov's visit.

Negotiations concerning additional imports for this year will continue after Soviet Foreign Trade Minister Boris Aristov's visit too, which concludes today, Friday. According to Foreign Trade Minister Jermu Laine, thinking of this year, it is an obvious assumption that trade will not be balanced.

According to Minister Laine, it is clear that we will run up against a credit ceiling of 300 million rubles, or over 2 billion markkas. "Whether the ceiling is broken through will be revealed in the fall," Laine said on Thursday.

In Laine's opinion, it is hard to predict what the situation will be in 4 years time. He nevertheless believes that Finland's industrial exports can continue in accordance with our objectives. Execution of the supplementary protocol is not, however, automatic, Laine warned, and he expects Finnish firms to work hard at increasing imports.

According to the schedule of supplementary imports signed today, nearly a third of the approximately 7 billion markkas worth of imports is oil, which Neste [state oil company] will probably largely reexport to world markets. The volume of this year's supplementary imports has been left open primarily because they have not yet reached agreement on the amount of oil to be reexported.

While the agreement on supplementary imports does not resolve everything, according to our sources, the fact that we Finns are beginning to get more chemical and petrochemical products than before is viewed as being favorable.

On the other hand, we might have gotten more metals in different forms, like nonferrous scrap metal and residue, our sources reported on Thursday. More machines, equipment, autos and so forth will be imported "to a minimal extent."

Rautaruukki Buys Coke

On Thursday Rautaruukki concluded a contract worth about 200 million markkas with the Soviet foreign trade organization, V/O Soyuzpromexport, to supply coke for the Raahi ironworks during the second half of the year. The two parties also engaged in preliminary discussion of the initiation of coal compound shipments next year for the coke ovens under construction at the ironworks.

Rautaruukki is also starting to coat Soviet aluminum tape on a large scale at its Hameenlinna plant. The company reached agreement on Thursday with the foreign trade company, Raznoimport, on the shipment of a test batch of aluminum tape.

Plastic-coated aluminum tape is, among other things, used on the ceilings of buildings, partitions and lighting appliances.

Foreign Trade Minister Aristov continued to familiarize himself with Finnish industry on Thursday. Among others, he visited Nokia, whose sales to the Soviet Union come to over a billion markkas a year. At Nokia imports from the Soviet Union, which are the main topic of Aristov's visit, are worth about 100 million markkas.

Aristov is leaving for home today, Friday. The trade agreement concerning this year was signed in Moscow in December. In accordance with it, the volume of trade was to be about 38 billion markkas. At that time it was supposed that the volumes of both Finland's exports and imports would come to about 19 billion markkas.

Later the collapse of oil prices dropped the price of Soviet oil to half what it was. Over 80 percent of imports from the Soviet Union into Finland are oil and other energy sources.

Shipbuilding Contracts Signed

Helsinki HELSINGIN SANOMAT in Finnish 28 Jun 86 p 25

[Article: "Contracts Make Last Day of Aristov's Visit to Finland More Festive; Rauma-Repola, Tampella and Lohja Export — Kemira and Wartsila Import"]

[Text] Rauma-Repola will supply the Soviet Union with three floating shrimp and fish-processing factories. What is involved is the company's biggest order for ships to date. The value of the contract is 1.2 billion markkas. As for Tampella, it signed a contract worth 120 million markkas with the Soviet Union on Friday.

The last day of Foreign Trade Minister Boris Aristov's visit to Finland was also celebrated with the signing of several other contracts.

As for Wartsila, which was one object of Foreign Trade Minister Aristov's visit, it was left without any orders for ships, even though negotiations on several different projects were also engaged in during the week of his visit.

The order for fish factory ships guarantees employment at the Rauma shipyard until the fall of 1989, general manager Antti Potila informed us. Without these jobs, work would come to a halt by next summer.

The first factory ship will be provided for the Soviet Ministry of Fish Industry in the spring of 1988, the second a year later and the third ship during the first half of 1990.

Lengthy Preparations

The factory ships will be in operation year round as mother ships on fishing expeditions in which there are trawlers and seine-fishing boats in addition to as shrimp and fish canneries. The catch obtained with them will be processed ready-for-market on board ship and the remaining portion may be temporarily frozen for later processing.

There are complete medical services with hospitals, motion picture theaters, discos and libraries, among other facilities, on the factory ships.

The Rauma shipyard is at present the first in the world to be building a ship for Antarctic research expeditions for the use of Soviet scientists. At Rauma-Repola they told us that this and the contract just signed firmly establish the Rauma shipyard as a builder of special tonnage.

The shipyard's many-membered team prepared for the factory ship deal for many years. Among other things, its members made two familiarization trips to the Far East for the fish and shrimp factory ships.

Rauma-Repola also signed an agreement on Friday for reciprocal purchases from the Soviet Union. It will, among other things, order ship equipment and floating gear.

120 Million in Contracts for Tampella

Tampella also received an order from the Soviet Union on Friday. It will modernize two soda boiler installations that are to go to the Bratsk factory and jointly build two cardboard-making machines that are to go to Soviet mills.

The soda boilers account for about 75 million markkas of the contract and the cardboard-making machines 45 million. These commissions are part of two joint production agreements.

They will be supplied in 1987 and early 1988. Tampella has been selling the Soviet Union cardboard-making machines since the 1950's.

Lohja concluded an agreement on Friday with the Soviet Union to supply it with a lime-burning plant. The value of the contract is 14 million markkas. The chief supplier will be Lohja's Virkkala machine shop.

The plant is the first lime-burning plant to be supplied the Soviet Union from Finland. Its production will be used as the raw material for a mortar and concrete factory Lohja is to supply Moscow with.

All the contracts were signed on Friday in Helsinki in connection with the conclusion of the supplementary protocol. Wartsila and Kemira also signed import agreements worth about 140 million markkas.

Kemira will buy ammonia from the Soviet Union and, as for Wartsila, it will import many different kinds of products, machines and equipment among others.

Measures to Balance Trade

Helsinki HELSINGIN SANOMAT in Finnish 28 Jun 86 p 25

[Article by Kalle Heiskanen: "Striving to Balance Trade with More Imports; New Era Bringing New Men into Soviet Foreign Trade Organs"]

[Text] Finland's imports from the Soviet Union will increase by a billion rubles, or 7 billion markkas, during the next 4 years. There are some 50 different products on the schedule. The most important items are oil, coal and natural gas.

A new general agreement protocol concerning imports from abroad was signed on Friday, the last day of Soviet Foreign Trade Minister Boris Aristov's visit. More imports are needed to balance the export surplus produced by the collapse of oil prices.

Foreign Trade Minister Jermu Laine was of the opinion that the worst problems of the trade imbalance have been solved. "The people of Finland will be satisfied with this week," Laine assured Foreign Trade Minister Aristov.

On the other hand, there were also unresolved problems. Foreign Trade Minister Aristov indeed said that no one can say what the situation will be even next year. The additional imports will come to 250 million rubles, or 1.7 billion markkas, a year.

This year at least, we will not achieve balance. According to Minister Laine, we will have to resort to a credit limit of 300 million rubles, or a couple of billion markkas. Laine said that whether we achieve balance by means of this by the end of this year will depend on additional imports and the evolution of oil prices.

Finland's export surplus will also be reflected in the annual negotiations on the trade agreement as regards next year. The negotiations will begin as early as the end of August and our officials are indeed facing an exceptionally difficult fall session.

More Finished Products, Fewer Raw Materials

According to Minister Laine, the supplementary protocol is not a maximal schedule. Finland still has additional wishes. How the Soviet Union is able to respond to them is another matter. The fact that, in addition to its active role of seller, Finland often has to operate as a buyer that initiates the transaction has also been a problem.

Minister Aristov promised that Finland's new purchase schedule would be closely examined in Moscow. According to the minister, trade should be balanced by his next visit to Finland by also developing joint production. He also hoped that the percentage of finished products would increase and that there would be a change in Finland's emphasis on raw material imports in terms of their exports.

Laine's remedies were the promotion of compensatory trading and the elimination of red tape. According to the supplementary protocol, next year we will begin to receive an additional million tons of coal and oil a year. The oil purchased by Neste is a so-called reexport item, so it does not go to the Finnish market.

There will be from 1,500 to 2,000 new passenger cars in addition to the current 1,500 cars a year imported. There will be 100 kg of platinum a year. The Soviet Union does not use gold to balance reciprocal trade, although it does sell it for Western currency.

Fifteen million kg of tye and 2 million kg of frozen shrimp will be imported.

New Men, New Attitudes

At the same time the collapse of oil prices has brought the value of oil imported from the Soviet Union down to half what it was, new men are stepping into key posts in the Soviet Union.

According to unconfirmed reports, Deputy Foreign Trade Minister A.N. Manzhulo, who has for a long time done business with us Finns, is going into retirement.

The functions he is responsible for are being transferred to Deputy Foreign Trade Minister V.I. Vorontsov, who formerly served as trade representative in Finland. At present the acting trade representative is V.D. Pugin.

The absence of Dr Yuriy Piskulov from Foreign Trade Minister Aristov's party is of most concern to Finns. Piskulov, who had served as acting head of the Western Trade Department, was passed over and Yuriy Ledentsov, who was also in Finland this week, was appointed responsible for trade with the West.

If Pugin's appointment as commercial representative in Finland is made permanent in the near future, according to our sources, that would have to be interpreted such that Piskulov, who speaks fluent Finnish, is definitively out of the picture, at least as concerns the handling of Finnish-Soviet trade relations.

A person who has long occupied a key position in the Soviet trade observed on Friday that we Finns should no longer build too much on personal relations, but on the cold facts of trade.

Chernobyl Accident Aids Exports

Helsinki HELSINGIN SANOMAT in Finnish 28 Jun 86 p 25

[Article by Saska Saarikoski: "As Much Electricity As Produced by Chernobyl Will Be Imported from the Soviet Union"]

[Text] As of the beginning of next year, the Soviet Union will deliver as much electricity to Finland as is produced by the Chernobyl power plant that was involved in the accident.

The agreement signed by Foreign Trade Ministers Boris Aristov and Jermu Laine will increase imports of Soviet electricity by a billion kWh a year. If we like, this increase may be visualized like this: Suppose that up to now a 600-Mw nuclear power plant smaller than the one in Olkiluoto had produced electric power for Finland, as of 1987 we would need a 900-Mw plant nearly the size of the one in Leningrad — or Chernobyl.

The comparison is perfectly justifiable since Finland's electricity comes from the Leningrad area where it is generated with the same kind of equipment as at the Chernobyl plant involved in the accident.

No one seems to know — or even care either — whether the namesake plant of the Finns' own power plants generates electricity for export beyond the eastern border.

Minister Laine, who concluded the agreement, said:

"We don't know since electricity is not labeled. Over there they undoubtedly have many forms of generation in operation; it's hard to say which kind of electric power we receive here.

"And how then should we react to it if it is electricity generated by nuclear power? We are buying electricity; we don't attach ethical considerations to it. In what way would Finland's safety be increased by our not buying electricity that may have originated a a nuclear power plant?"

Soviet electricity enters Finland via Imatran Voima (IVO) [Imatra Power Company]. IVO buys electricity and carries it to the consumer along its power transmission lines.

IVO information chief Antti Ruuskanen said:

"We here don't know how the electricity we buy from the Soviet Union is generated. Electricity produced for Finland certainly comes from Leningrad since it would not pay to bring it in from farther away than that. In addition to nuclear power plants, there are water power, natural gas and oil in the Leningrad area."

Electricity produced with gas and oil is too costly for export. On the other hand, nuclear power generated electricity is especially well-suited for export because there is a steady flow of it summers and winters.

Olli Tammilehto of the Evy Energy Policy Association said:

"I believe that most of the electricity to be imported from the Soviet Union originates in nuclear power plants. In a way importing nuclear power generated electricity from abroad is even more to be condemned than generating it in Finland is. Ethically considered, electricity consumers will have to bear production risks too."

In Leningrad the risks are not far off. It is less than 100 km from the power plants to the Finnish border and a good 200 to Helsinki. Electricity imports from the Soviet Union have now increased for the last time in a long time. Power transmission stations are operating at full capacity and building new ones would mean an investment of hundreds of millions. Aside from this, a rule is observed in our energy policy according to which a single production or import point may not be equal to over 10 percent of electricity production. That limit has now been reached.

At least there will be no question of electric power the next time they look for reciprocal purchases for Rauma-Repola's shrimp-processing plant.

Paper Comments on Visit

Helsinki HELSINGIN SANOMAT in Finnish 28 Jun 86 p 2

[Editorial: "Reassuring Message"]

[Text] New Soviet Foreign Trade Minister Boris Aristov's visit, which has now ended, was unable to at one fell swoop produce a solution to the problems of the balance of trade between our countries. There simply is no such solution. His visit has, however, provided us with the reassuring certainty that our exports to the Soviet Union need not be dependent on the short-term fluctuations of world market oil prices.

In connection with the visit, the Soviet Union has committed itself to over 7 billion markkas worth of additional goods shipments during the next 4 years. That is, these shipments will come to us "free of charge" to bridge the gap in Soviet exports caused by the sharp drop in the price of oil. This means that we don not need to reduce our exports by an equivalent sum.

It was not an entirely simple matter to agree on a joint schedule of goods shipments. Since finding machines and equipment suitable for import is still a difficult and troublesome business, the Soviet Union has again agreed to increase shipments of many conventional raw materials like oil and coal. We will, to be sure, have to sell a million tons more of oil a year abroad because our imports exceed our current oil consumption.

The measures that have now been agreed on will probably not be sufficient to balance trade over the entire 5-year period that has begun. It will depend on the evolution of oil prices, for which there is no reliable advance information on the next 3 or 4 years. Since, as far as this year's trade is concerned, there will not be time enough for it to increase to any extent worth mentioning, we will have a fairly large export surplus. It will be in excess of 300 million rubles, or over the 2-billion-markka mark, up to which point special account arrangements were earlier agreed on.

Of most importance is the fact that the Soviet Union approves of trade as the point of departure for achieving balance within the framework of the 5-year period. This too may prove to be a demanding task if the evolution of raw material prices continues in its present direction. This is why those of us who trade with the Soviets and our officials must adopt a more vigorous attitude than before toward thinking of ways aimed at increasing imports, joint production and compensatory trade, not even the first of which have we yet accomplished.

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INDUSTRY MINISTER REVIEWS ECONOMIC PROBLEMS, SOLUTIONS

Paris L'USINE NOUVELLE in French 19 Jun 86 pp 50-53

[Interview with Alain Madelin, minister of industry, posts and telecommunications, and tourism, by Rene Le Moal, Alain Pauche, and Patrick Piernaz; first three paragraphs are L'USINE NOUVELLE introduction]

[Text] Alain Madelin did not choose his dossiers for the summer. The Renault dossier arrived 3 months ago, and it has not gotten cold. The Normed dossier slipped in a few weeks ago, and it is already getting overheated. Alain Madelin has told L'USINE NOUVELLE that people must not count on him to say how Renault or CDF [National Coal Board] Chemicals can be straightened out. But for the first time, on a case-by-case basis, he is making his policy clear and laying down the limits he considers acceptable.

Alain Madelin, 40, is a delegate general of the Republican Party and has been a deputy for Ille-et-Vilaine for the past 8 years. He has a reputation for not keeping his ideas to himself. And throughout the interview he granted to L'USINE NOUVELLE, the minister of industry lived up to his reputation. But the liberal theoretician, perhaps a little too impetuous at first (his budgetary hara-kiri surprised company heads), is mellowing--realism requires it. When firms are no longer operating in a market economy--as is the case with steel mills and shipyards--one must draw the conclusions, and Alain Madelin is yielding. Not without complaining! But by endeavoring to resituate his action within a policy he defends with conviction. He says in this interview: "There is not and there will not be a Madelin plan for Renault. But there will be a Besse plan."

Alain Madelin appears to be in a hurry. Actually, he is rather cautious. Is the reform of aid to industry too big a bite to chew? He appoints a committee to look into it. The deregulation of energy and telecommunications is also being studied by a small group of business leaders he recruited and by civil servants who share his views. Alain Madelin looks ahead. One might think that his horizons would be restricted by the dossiers he has selected and those he must deal with. The minister of industry is proving the opposite.

L'USINE NOUVELLE: You had scarcely been named minister of industry, posts and telecommunications, and tourism before firms in serious difficulty approached you asking for the financial assistance necessary to their survival. Renault moved the fastest. Then came Usinor and Sacilor. You say you are the minister of firms rather than of industry, but today you are still the minister of sick firms. In what spirit are you tackling those "hot" dossiers?

Alain Madelin: Yes, it is time to talk about industry in terms of firms, not in terms of industries or, even worse, lines of products. I don't want to play industrial Meccano any longer. I am not going to call company presidents in and give them orders or impose my plans on them. That is the easiest solution and the one most consistent with our administrative practices. But I am going to do my best to resist that temptation. The intoxication of dirigisme has not affected me.

[Question] Inadequate competitiveness and lack of adaptation explain why many firms have run aground. Renault is no exception to the rule, but it is also undercapitalized. How is state-owned Renault going to overcome its problem?

[Answer] As you have just said, the problem is one of competitiveness. When you point out that the productivity of European car makers is about 15 years behind that of the Japanese, it makes one think. But the situation is not hopeless. I have requested a study of some of the large worldwide firms which drifted for a while but which have recovered in recent years, particularly Chrysler and Fiat. Their example shows that Renault's recovery is possible.

[Question] But how?

[Answer] That is up to Renault and its chairman, Georges Besse. There is not and there will not be a Madelin plan. But there will be a Besse plan. The group has lost 27 billion francs over the past 5 years. Equilibrium must be restored at all costs between now and the end of 1987.

[Question] Have you asked Georges Besse to speed things up?

[Answer] I repeat that the objective is to restore equilibrium between now and the end of next year. That objective is influencing the kind of aid that may still be requested of the state: an appropriation to capital or conversion of part of the enterprise's debt into stockholders' equity. I am prepared to help Renault, but not in just any way or at any price. State-owned Renault is eventually going to have to change its status and become a firm like any other. I am also very concerned that there should be fair competition between Renault and Peugeot. It would be unacceptable to bring about Renault's recovery with taxpayers' money to the detriment of the PSA [Peugeot Corporation] Group.

[Question] Lee Iacocca, the head of Chrysler, pruned his activities to save what was essential. If Georges Besse decided to follow his example and get rid of the RVI [Renault Industrial Vehicles], would you approve? And if he sold his interest in American Motors, would you support him?

[Answer] It is not likely that Renault's recovery can occur without selling assets and restructuring the group's activities. Chrysler has shown the way.

But it is not up to me to say what must be done. Deciding on the means to be employed is the responsibility of the firm's management.

[Question] Will Renault be privatized in 1988?

[Answer] It is not the state's business to produce automobiles. And someday it will surely stop producing them. That being said, the denationalization of Renault is not included in the government's privatization program. The urgent task today is to turn Renault into a healthy and competitive enterprise.

[Question] It is not the state's business to produce steel, either. The situation at Usinor and Sacilor is as serious as that at Renault. The only difference is that the recovery of those two steel producing enterprises cannot be seriously scheduled for the end of 1987. It will be necessary to adapt their structures and to make choices. Are you favorable to a regrouping of the two enterprises, or do you feel that appointing a single manager to head both Usinor and Sacilor is sufficient to open the door to recovery?

[Answer] As long as Jean Gandois, who is in charge of a study mission concerned with the iron and steel industry, has not submitted his report to the government, I cannot announce any decision, of course. Jean Gandois will inform us of his conclusions, and decisions should be reached by August.

The situation in the iron and steel industry, as presented in Jean Gandois' preliminary conclusions, is even more disturbing than I had thought.

[Question] As a financial bottomless pit, CDF Chemicals is proportionately even more frightening than Sacilor. Is the plan which was submitted to you by the management of CDF Chemicals, and on which the state, as a stockholder, will base its financial aid, satisfactory?

[Answer] The recovery plan for CDF Chemicals remains to be put together. While I do have some facts, so far I do not have a credible plan. What has been done at CDF Chemicals to date is not reasonable. The prospect of giving it another 5 billion or 6 billion francs in fresh money from the taxpayers when it has just wiped out an equivalent amount in accumulated losses through 31 December 1985 by writing off debts owed to the state and mortgaging the real property belonging to the North Coal Mines is frightening. With that money, we could finance at least two employment plans for young people.

[Question] How must CDF Chemicals be managed?

[Answer] I am not the head of CDF Chemicals, and God forbid that I should be! To a large degree, the reason why CDF Chemicals has deteriorated to such an extent is that under the 1982 Chemical Industry Plan, the previous government loaded it down with Rhone-Poulenc's and Pechiney-Ugine-Kuhlmann's worst assets. You must admit that it was an exaggeration, after that, to credit nationalization with the recovery of those two last-named enterprises!

[Question] Shipbuilding is an even thornier problem, is it not? Normed is being financed by the government, and its order book is empty. Logic would require either that some shipyards be closed or that they be nationalized if their activity is regarded as strategic. Is there another choice?

[Answer] The shipbuilding industry is a nightmare for all countries. The shipyards in Europe are no longer competitive. Shipyards are being closed down everywhere. Even in Japan and Korea! The situation is ridiculous. For years the government lied and kept false hopes alive. In 1981 it led people to believe that we could build 430,000 gross register tons, hire 1,500 people, and keep five yards going forever.

When the budget was being prepared, Pierre Beregovoy talked about shipbuilding as being a bottomless pit where money was concerned and felt it was necessary to review aid to Normed and close one shipyard. But nothing was changed. From special subsidy to special subsidy, the government concealed the fact that Normed was bankrupt and left the solution up to its successors.

This situation can no longer continue. The previous government was well aware of that, incidentally, but it lacked the necessary courage to take the imperative steps in time. It renewed the aid mechanism for shipbuilding for 6 months only. The expiration date was set at 30 June 1986--a system condemned by the Audit Office, which issued a report in February in which it denounced the seriously underestimated amount set aside in the 1986 budget.

There is no better illustration of the budget bomb bequeathed to us. So we must build up another aid mechanism that will also have to take into account the directives from the Commission of the European Communities. Incidentally, that commission is recommending the establishment of even stricter rules before the end of this year, and we should be complying with them even now.

I feel, however, that the current system of aid based on orders and amounting to 20 percent of the price of the vessels is inadequate, considering the undercompetitiveness of European shipyards. That is why I have asked the commission to increase that ceiling and to facilitate the restructuring of shipyards through social plans.

[Question] So you will support the shipyards?

[Answer] We will not stop building ships, but it will be done under a new system of aid. It will be up to Normed and Alsthom to draw the proper conclusions.

[Question] So you are agreeing to act on some occasions as a "paramedic" for the firms?

[Answer] The new system of aid will be based both on aid in obtaining orders and on aid for reconversion. There is no question of eliminating the state's effort, but neither is there any question of continuing to pursue an ostrich policy, as has been done for several years.

I would like to offer some real reasons to live and hope. The money that will not be provided as an outright grant in the future will be provided for reconversion, for people, and for the creation of sound and lasting jobs. We are not trying to save money but to provide solutions.

[Question] Is shipbuilding a strategic industry?

[Answer] Less so than it was in Colbert's day. A certain volume of shipbuilding is strategic, however. The naval shipyards provide what the country needs militarily. As far as the merchant marine is concerned, it is necessary to maintain potential capacity, not permanent overcapacity.

[Question] The third Multifiber Agreement, which protects textile industries from the production coming from the developing countries, will expire this coming 31 July. In Brussels, France has been the country most insistent upon protection. Do you agree with that stand, which is also defended by French textile manufacturers?

[Answer] Renegotiation of the Multifiber Agreement is being carried out within the framework of the European Commission and the terms of reference issued to it last 1 March. I have asked Willy de Clercq to respect those terms of reference scrupulously. But I no longer have the power to alter those terms, which are strongly criticized by the textile industry. At any rate, we will see to it that they are rigorously enforced. That being the case, I want to emphasize that it would be a mistake to try to solve the problem of competitiveness in the textile industry solely through protectionist measures. We also need high-performance firms, good products, and good brands. The industrialists are aware of that.

[Question] You have undertaken a study of the various systems of aid to industry, particularly the role of the Industrial Modernization Fund. How far have you gotten? Which kinds of aid strike you as useful? Aren't you afraid that if we eliminate them more rapidly than our competitors do, the competitiveness of our firms will be reduced, considering that aid to firms still amounts to 1.4 percent of GDP in the FRG, 2.3 percent in Great Britain, and 1.7 percent in the United States, compared to 1.9 percent in France?

[Answer] Your question needs to be restated in terms of the overall system of aid. A commission under Roger Martin has been set up for the analysis and reform of aid to industry. The maze of subsidies of all kinds is extraordinarily complex, and we needed to get a clear picture of it. But I may take the preliminary conclusions into account in connection with the 1987 budget. After that, we will have to go even further.

Our intuitions were correct: about four-fifths of the approximately 90 billion francs in aid goes to large firms, and two-thirds are concentrated in a small number of nationalized enterprises. Moreover, many mechanisms have perverse effects and result in waste.

My conviction is that we must find mechanisms which will not place the PME [small and medium-sized businesses] at a disadvantage and that we must always choose horizontal measures that can benefit everyone, without arbitrariness on the part of the offices concerned. What we must curb are vertical measures, which are easy to implement and often popular but whose perverse effects outweigh their positive effects.

We are trying to discover the most effective system primarily by taking our inspiration from foreign experiences. It is already known that aid for big technological programs is useful. But an attempt could be made to get the PME more involved in those programs.

Mechanisms of the ANVAR [National Agency for the Valorization of Research] type seem to be less poorly adapted than the others and, in general, everything aimed at the PME and technological innovation.

[Question] Engineering is at the heart of industrial redeployment in all the developed countries. Industrial modernization in the FRG, the United States, and Japan depends on it. But the French engineering industry is afraid that it will not be able to catch up with its competitors if effective investment incentives are not adopted. Why have those measures not been adopted?

[Answer] The manufacturers of equipment goods are putting up a strong argument. Despite that, I distrust sectoral plans. Even though many sectors are able to find completely convincing arguments.

Moreover, at a time when intangible investments such as expenditures on research and development, commercial expenditures, and even advertising campaigns are taking a growing share of investment by the firms, there is reason to question the validity of measures aimed at promoting solely investments in tangible goods. Generally speaking, it is necessary to stop setting supposedly noble sectors (industry) over against others that are supposedly less noble (services).

The equipment goods firms are not demanding specific measures. They are asking for measures to promote industrial investment. There is no question that the competitiveness of the firms and of France depends on an increase in their investment in productivity.

[Question] So how can the deterioration in industrial investment be halted?

[Answer] Primarily through profit!

[Question] What else?

[Answer] It is true that we are dramatically behind our competitors when it comes to investment. But to ensure good investments, we must have profit: the prospect of profit to justify those investments and profits today to help finance them.

[Question] Is the investment tax credit a good formula?

[Answer] In the absence of profit, an incentive mechanism may be useful, but I believe it is less effective than a policy aimed at restoring the financing capability of the firms.

[Question] Would the investment tax credit be compatible with the recent lowering of the tax on business profits?

[Answer] The government chose a horizontal measure: the profits of firms are being built up again to allow those firms to invest and hire more people. That is the right path. Worldwide competition to encourage savings and investment is becoming formidable. Look at the United States, for example, where an ambitious tax reform has been underway for 5 years: they are now contemplating reducing the corporation income tax to 33 percent and the marginal income tax bracket to 27 percent.

[Question] How can businessmen be encouraged to expand their firms? And how can the French be turned into a nation of entrepreneurs?

[Answer] The government can and must take steps to promote the establishment of firms. In the United States in 1985, 700,000 firms were established. They were the work of the baby boom generation. In France we have the same generation and the same dynamism. But that generation's energy is hampered by many obstacles. First it is necessary to eliminate the legal, financial and bureaucratic obstacles that are blocking the establishment of firms. But it is also a cultural problem.

Cutting red tape is one thing; promoting risk taking is another. Our culture condemns profit and risk and favors unearned income. The state is living beyond the means of the French and is the chief user of the financial market: that is why it compartmentalizes things and establishes rules favoring bonds over stocks. Let us try to liberate society rather than managing a blocked society.

[Question] What power do you have to change society?

[Answer] I have my powers as a minister, but I also have the power to speak to help chase away false ideas. In every successful country, there is a government that expresses the new culture of enterprise.

[Question] You have undertaken to reform the Ministry of Industry. Why?

[Answer] The Ministry of Industry is heir to the ministry in charge of production and supply. It has become more or less the symbol of dirigisme. The men and women in this ministry are competent, and I hope to make better use of them. The authority of this ministry must not be based on subsidies, the "money window," regulation, and supervision, but on competence and the service provided to firms.

Fewer vertical policies and more horizontal policies: energy, quality, competition, taxation, the establishment of firms, and so on.

[Question] Why did you decide to subject the CGE [General Electric Company], which signed a telecommunications agreement with AT&T a year ago, to a second round of scrutiny? What does that project need before it can be considered a good agreement?

[Answer] The CGE's strategy is leading it to go international, like its worldwide competitors. It is attempting to penetrate the U.S. market, and it considers an alliance with AT&T to be the right way to go about it, all the more since the draft agreement enables it to confirm its prominent position in the field of radio links. That being said, I must compare that proposal with others and consider, together with the secretary of state for posts and telecommunications, the state's strategy as a customer and its constraints.

[Question] What are those constraints?

[Answer] In an attempt to open up the U.S. market to its telephone exchanges, the CGE is, in a sense, negotiating away a share of the French market. The government is therefore concerned because it is directly responsible for telephone service. We want to be sure of obtaining the best equipment at the best price: the DGT [General Directorate of Telecommunications] needs a second supplier. That is why we must examine every possibility. I want to clarify our choice, not exclude the CGE.

[Question] Are you favorable to a European solution?

[Answer] Anything that strengthens European cooperation is a good thing.

[Question] Is the deregulation of telecommunications underway? Why aren't you opening up markets more quickly? Why aren't you breaking up the monopolies more quickly?

[Answer] I am in favor of opening up government contracts to competition and of doing so in a European context. But we must not be naive: recognition of common standards for telecommunications terminals is one thing, the mututal opening up of markets is another, and so on. For its part, France is very open. It is our European partners who must catch up with us.

[Question] You have said that French energy products are taxed excessively. When will the firms be able to buy fuel oil and industrial gas at the same price as their West German competitors?

[Answer] It is necessary to straighten out the taxing of energy. We were not able to do so in the budget bill. That is now one of the government's priorities. We are working on it, and we are also working on deregulation of the energy sector to adapt it to the new context and promote the economy's competitiveness. I am the advocate within the government of competitiveness for the firms.

[Question] Are European programs of the Eureka type useful?

[Answer] The industrialists think they are useful, and I feel that the strengthening of European cooperation is moving in the right direction. But it must be realized that that cooperation is not yet natural and that it costs something. So incentives are necessary. Anything that promotes better cooperation must be encouraged with a view to the total opening up of markets by around 1992.

[Question] Is it not true that the government's ability to communicate is inadequate?

[Answer] That is a question I put to a member of the Reagan team. He told me that it took President Reagan 6 months to master communication by his administration. We are going to try to do it a little faster.

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CSO: 3519/216

ECONOMIC

GREECE

UNFAVORABLE BALANCE OF TRADE WITH ARAB COUNTRIES

Athens I KATHIMERINI in Greek 8-9 Jun 86 pp 1, 3

[Article by N. Nikolaou: "Our Trade with the Arabs is Harmful"]

[Text] Our trade relations with most countries in the Middle East and North Africa tend to become one sided and harmful to the Greek economy. Mutual interest, which is the basis of trade between states, has already disappeared in the case of our country since our transactions with the Arabs leave such deficits that the foreign balance of our economy is being threatened.

This deterioration took place in recent years and a series of indices show that this is not unrelated to the government's overall foreign policy, which --oriented as it is toward a permanent controversy with the West--remained indifferent to our interests in other markets where swift changes were taking place--to our detriment. The government knew early enough of the critical turn in Greek-Arab trade, since business associations had drawn its attention to the danger and had asked for immediate corrective measures.

The following impressive data testify to the critical situation existing today: In 1981 our trade with the Middle East and North African countries left a negative balance of 453 million dollars to the detriment of Greece. In 1985 the deficit reached 1.623 million dollars, i.e., it increased fourfold!

This unfavorable development is the result of a continuous shrinking of our exports to the Arab countries; these exports of 1,233 million dollars in 1981 fell to 799 million in 1985. At the same time our imports of 1,686 million dollars in 1981 went up to 2,422 million in 1985. In other words, our exports now cover only 33 percent of our imports, while in 1981 they covered 73.1 percent.

But not all countries of the area are responsible for this situation. With some of them, such as Egypt, Syria, Lebanon or Jordan, our balance of trade is positive. The negative balance is with five countries, namely, Algeria, Libya, Iraq, Saudi Arabia, and Kuwait. Our trade transactions with these countries in 1985 left a negative balance which reached 1,839.2 million dollars, a sum which accounts for 32.5 percent of the entire deficit in our balance of trade!

This negative development has outraged even some government officials. During a recent meeting at an economic ministry, a government official said that our country, which has insufficient foreign exchange reserves for the needs of even 1 month and which borrows under heavier terms, cannot possibly continue to subsidize the rich Arab countries.

Displaying great indignation, he emphatically pointed out that these data are so overwhelming that a third party could accuse Greece that through these trade deficits the country finances part of the cost of the Iraq-Iran war or the adventurist policies and terrorist activitiers of Qadhdhafi.

These charges may appear extravagant but certainly they are not without foundation, if one takes into account that the government, although aware of this negative development in our trade transactions, notably has failed to take any measures, but instead, with its indifference, encouraged the Arabs to behave toward us even worse.

Indeed, the government keeps a guilty silence about deficits in the Greek-Arab trade while it magnifies every problem in our economic relations with the Western countries and particularly EEC, and turns it into a feud, letting its propagandists engage in an orgy about our country's exploitation by the capitalists!

Turkey Moves On...

Turkey takes full advantage of this tolerant attitude by Greece, and systematically promotes its own exports to the Middle East to our detriment. At the same time Turkish construction companies have taken away all projects from our own which now leave Iraq, Saudi Arabia, Libya, etc. Turkish exports to the oil-producing countries of the Middle East alone amounted to approximately 2,500 million dollars, while ours were only 799 million, including those to North African countries. Turkey's example clearly shows how our neighbor utilized its oil purchases from the Arab countries to push its products, something we failed to do!

Indeed, since 1983 it has been a buyers' market in oil because supply exceeds demand. Greece remains fully tied to five Arab countries from which it gets all its oil supplies. In this way our country failed to take advantage of favorable offers by other oil-producing countries or at least to press the Arabs to buy our products.

We must add at this point that even for those few exports to the Arab countries we had to spit blood to get our money, since unpaid bills and bribes are two of the trade peculiarities in this area.

Exact Data

Let us see in greater detail our transactions with these countries:

ALGERIA: In the last 10 years our trade went through 2 stages. During the first phase in the years 1976-1981 the balance of trade was positive for our country, i.e., our exports to Algeria were worth more than our imports from it. During these 6 years we had a positive balance of 215 million dollars. In the 1982-1985 4-year period, the situation reversed itself, closing with a deficit of 335.8 million dollars for the period!

LIBYA: Until 1979 we had a positive balance for our country. The deficits started after 1980 and since then increased geometrically. In 1985 our exports amounted to only 47.3 million dollars. While Libya almost stopped buying our produts (in 1981 it had bought 222.5 million dollars), the PASOK government, as though it could not find oil elsewhere, bought 559.8 million dollars worth of oil from Libya without pressing Qadhdhafi even as a bargaining point. The result was a 512.5 million dollar deficit for Greece!

IRAQ: Between 1976 and 1979, our trade transactions showed a deficit for our country. They became positive in the 1980-1982 period only to turn negative again after 1983. In 1985 Iraq bought only 45.4 million dollars worth of Greek products while we lavishly spent 478.2 million for oil. This resulted in a 432.7 million dollar deficit for our country!

SAUDI ARABIA: Our trade always left a negative balance for us, but the situation worsened in the last few years. In 1985 Saudi Arabia bought Greek products worth 180.9 million dollars, while we bought mostly oil whose value totaled 822.2 million. A deficit of 641.3 million dollars!

KUWAIT: During the last 10 years our trade had a positive balance for 7 years and a negative balance for 3: In 1977, 1979, and 1985 when the corresponding deficits were 28.9, 16.1, and 139.6 million dollars, respectively.

For 1986 we have data only for the first 2 months. However, K. Simitis, minister of the National Economy, speaking a few days ago to the Greek-American Conference on investments, did not conceal his fears that our exports to the Arab countries will be more difficult in 1986.

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ECONOMIC GREECE

MEASURES DEMANDED TO CURB 'PARAECONOMY'

Athens TA NEA in Greek 4 Jun 86 p 6

[Article by Pandelis Kapsis: "Despite All Restrictions the Paraeconomy Flourishes"]

[Text] The recent developments in the Greek economy caused concern--probably justified--over the effectiveness of the economic policy the government follows.

Six whole months after the adoption of restrictive measures, the buying "explosion" that started in 1985 continues without any real indication that it could come to an end.

During the first quarter of 1986 imports, excluding petroleum, increased by 100 million dollars compared to the corresponding quarter in 1985.

Store sales--which are one of the indicators of private consumption--increased by 0.6 percent while in the 1985 corresponding period they had declined by 0.4 percent.

If these changes continue into the second quarter of 1986 it will be certain that the main target of the economic policy--limiting the foreign deficit to 1.7 billion dollars from 3.3 billion in 1985--will be hard to achieve.

In the face of these facts, the National Economy Ministry remains reserved in its statements. Minister K. Simitis said: "The facts we have so far do not allow a clear forecast." But he adds, thus giving a sign of his future intentions, that there are "certain points requiring caution" and that the improvement already achieved, although not negligible, "is not what we hoped for."

No Leniency

Unofficially, the message the ministry wants to pass "in every direction" is that no deviation from implementation of the economic policy will be tolerated.

Ministry officials believe that only after the June data are in will they be in a position to have a picture of the effectiveness of the economic measures.

However, at the same time, in explaining the Simitis "points which require caution," they note that there have been excesses in the government's monetary plan, and there should be an early effort to counter them.

Of course these excesses mean that more money circulates today in the market place than initially planned. In the end this supports--and to a degree explains--the keeping of consumption and imports at high levels.

According to the ministry's assessments, the excesses are due to the following:

1. The high level of the deficit in the public debt, which exceeded initial estimates made at the end of last year. This rise resulted in increased borrowing needs for the government.

2. The somewhat lax implementation of the credit policy to the private sector and the granting of loans over and above limitations of the monetary-credit plan.

Thus, in the following months we should expect a more strict observance of the government's monetary policy and even greater limitations on lending, both to the private and public sectors.

However, in spite of these deviations, cadres of the National Economy Ministry are optimistic that targets of the economic policy will be achieved by the end of the year. They draw attention to the satisfactory course of inflation--which moves below initial forecasts--and also to the significant (as they claim) decline in the public sector deficit during the first 4 months of 1986.

Revenue Has Gone Up

According to existing data for the period of January-April 1986, public revenues increased by 33 percent while public expenditures held back.

They also emphasize that in the balance of payments, in spite of the increase in imports, there is a small improvement in the overall deficit, while the decline in oil prices creates favorable conditions and a wider leeway for achieving the initial goals.

Whether this optimism is justified or not, the question remains whether the increase in imports is due only to the delayed after effect of the drachma devaluation or to increased liquidity in the economy resulting from violations of the monetary-credit program.

Or, on the contrary, shall we seek an explanation of these phenomena in the support given to consumption and imports by income which escapes the official statistics, that is, income produced by the underground economy (paraeconomy) which more than offsets the decline in the income of those receiving wages and salaries?

This Is Not a New Phenomenon

Something of this sort cannot be proven statistically because naturally, there are no data. Officials of the National Economy Ministry claim that¶ the paraeconomy is nothing new and, therefore, there is no reason to believe it has expanded.

Unfortunately, this is not so, because in a period of austerity and economic difficulty, and following the devaluation of the drachma, one should expect a rise in speculation and tax evasion. The underground economy is not some isolated section of the Greek economy. It functions side by side and as an addition to legal business activities. It also helps precisely to violate "restrictions" imposed by any economic policy.

The fact that the increase in consumption and imports, and to such a degree, moreover, goes on for so many months after the introduction of economic measures--in other words when one would have expected reductions in wages and salaries to have their impact--certainly supports such an assumption, and testifies most graphically to the growth of the paraeconomy.

This does not mean that the economic measures for economic stabilization imposed by the government were not necessary--far from it.

It means, however, that it continues to be equally necessary to complement them with measures to curb the underground economy. Such measures have been long under consideration, but they are slow in being implemented. [They are necessary] for reasons of social justice and economic efficiency.

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CSO: 3521/177

STATISTICS SHOW RISE IN UNEMPLOYMENT

Athens I KATHIMERINI in Greek 19 Jun 86 p 9

[Text] Data published by the National Statistical Service of Greece show that unemployment in our country represents 7.5 percent of the active population or a drop (3.5 percent) compared to last year, while between 1983 and 1984 it had marked a rise of 4.4 percent. According to these data the number of those employed is estimated at 3,588 million persons and the number of unemployed at 303,900 persons. Specifically, employment by categories of economic activity is as follows:

	Thousands of Persons
Total	3,588,500
Agriculture, livestock raising, fishing	1,036,900
Mines	28,900
Industry, handicrafts	678,700
Electricity, natural gas	31,600
Construction, public works	242,600
Business, restaurants, hotels	570,900
Transportation-communications	249,500
Banks, insurance companies, etc.	132,600
Services	615,900
Not declared	1,000

The above table shows that the branches with greater employment are agriculture, livestock raising, fishing (28.9 percent); industry-handicrafts (18.9 percent); services (17.2 percent); and business, restaurants, hotels (15.9 percent); followed by transportation-communications (7 percent); and construction, public works (6.8 percent).

For a review of employment and unemployment developments in the past 3 years we give below a comprehensive table for these years. (It should be noted that data for 1984 and 1983 have been revised and show small deviations from those originally published.)

	Persons in Thousands			Change Percentages	
	1983	1984	1985	1984-83	1985-84
Labor potential	3,841,800	3,868,000	3,892,400	+0.7%	+0.6%
Employed	3,540,100	3,553,000	3,588,500	+0.4%	+1.0%
Unemployed	301,700	315,000	303,900	+4.4%	-3.5%
Non-active	3,691,000	3,753,600	3,712,000	+1.7%	-1.1%

Of interest also is the development of employment by branches. The table below shows the relevant data in the past 3 years.

	Persons in Thousands			Change Percentages	
	1983	1984	1985	1984-83	1985-84
Agriculture, etc.	1,064,400	1,043,600	1,036,900	-2.0%	-0.6%
Mines	28,600	25,500	28,900	-10.8%	13.3%
Industry, etc.	679,400	679,100	678,700	0.0%	0.0%
Electricity, etc.	28,900	29,900	31,600	+3.5%	+5.7%
Construction, public works	275,800	254,200	242,600	-7.8%	-4.6%
Business, etc.	535,600	548,200	570,900	+2.4%	+4.1%
Transportation	250,500	261,200	249,500	+4.3%	-4.5%
Banks, etc.	123,500	128,000	132,600	+3.5%	+3.6%
Services	556,100	582,100	615,900	+4.7%	+5.8%
Non-declared	1,400	1,000	1,000	+4.7%	+5.8%

A comparison of the above data for the various branches shows that during the 1984-85 2-year period employment increased in the following branches: business, restaurants, hotels (2.4 percent in 1984 compared to 1983 and 4.1 percent in 1985 compared to 1984); banks, insurance companies (3.6 percent during the 2 years); and services (4.7 percent in 1984 compared to 1983 and 5.8 percent in 1985 compared to 1984).

On the contrary, there was a decrease in employment in these branches: agriculture, etc. (2 percent in 1984 compared to 1983 and 0.6 percent in 1985 compared to 1984); construction, public works (7.8 percent in 1984 compared to 1983 and 4.6 percent in 1985 compared to 1984).

The industry, handicrafts branch showed no changes, while the transportation-communications' branch showed an increase by 4.3 percent in 1984 compared to 1983 and a decrease by 4.5 percent in 1985 compared to 1984.

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CSO: 3521/177

EUROPEAN INVESTMENT BANK LOANS: ANNUAL REPORT

Athens I KATHIMERINI in Greek 20 Jun 86 p 7

[Text] Brussels (Athens News Agency)--The approved 1985 annual report by the directors of the European Investment Bank [ETE] states that loans granted to Greece in 1985 by ETE amounted to 423.7 million European Monetary Units [ENM] or 58.3 billion drachmas (6.2 percent of the total) compared to 344.8 million ENM in 1984 (5.4 percent of the total).

More specifically, the report states that financing for infrastructure projects in Greece (303.3 million ENM) represents about three-quarters of the total. The projects financed included the international telecommunications network and the connection with navigational satellites Inmarsta, the pairing of about 1,000 kilometers of the national and rural road network and the modernization of regional airports and seaports, especially in the islands of the Aegean.

Other small or medium loans were for projects for cleaning coastal cities and reducing shore pollution. These projects were carried out by local self-government organizations and were financed through a total loan. In this connection, the report states that within a year several road and drainage projects were financed with a sum totaling 16.1 million ENM.

In the energy sector, loans of 71.7 million ENM will allow the continuation of work in the hydroelectric stations of Pigai, Thisavros and Stratos.

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INDICATIONS OF ECONOMIC UPSWING ABOUND

Reykjavik MORGUNBLADID in Icelandic 8 Feb 86 p 28

[Text] The National Economic Bureau has put together a summary report covering the trends of change affecting the Icelandic balance of trade in 1986. This report reveals that there have been some significant changes for the better in the last few weeks.

As was indicated in last December's issue of the National Economic Bureau's publication AGRIP, the balance of trade changed little for the first three quarters of last year. On the other hand, however, a diminished balance of trade was expected, in the wake of the falling dollar in the second half of 1985; it was accordingly anticipated that they would be one to one and one-half percent lower in 1986 than the average figure for 1985. The government's economic budget, which appeared in October 1985, was calculated according to similar anticipated developments.

However, the last few weeks have brought significant changes for the better in our balance of trade. The price of frozen fish and salt fish has gone up, while the price of petroleum has gone down. Allowing for current price levels, this pushes the balance of trade two to three percent further in our favor than last year, and three to four percent further in our favor than what was anticipated in the last national economic forecast for 1986. Calculated according to the current exchange rate, the price increases on frozen fish and salt fish look like they could bring our export income up to 1,500 million more kronur in 1986 than was anticipated in the last forecast, if this favorable price level remains constant all year and if the exchange value of the American dollar does not go down.

For these figures to reflect reality, however, one precondition is necessary, a precondition which the Icelandic fish sales companies in the United States indicate may or may not remain in effect: the high price of solid cod ($1.30 per pound) must stay in effect. On the other hand, the second most significant frozen product, the five-pound cod package, did not increase in price during the past year.

On the imports side of the ledger, the figures for petroleum are particularly significant. If the current petroleum price, the one that was fixed on the Rotterdam market at the end of January, holds out for the whole year, this means that Iceland's petroleum expenditures would be some 1,000 million kronur lower per year. However, there is much uncertainty, as is usually the case, concerning these figures. But it does not seem unreasonable to expect our oil bill to go down at least 500 or 600 million kronur, corresponding to 10 percent, this year.

Altogether, these fish prices and these petroleum prices from the end of January involve an upswing in the Icelandic balance of trade amounting to 2,000 million kronur or one and one-half percent of the gross national product. This figure, however, is based on the important precondition that improved trade opportunities must somehow have the direct result of increased demand and, along with that, increased importation. This means that what leeway we have for bringing down our trade deficit, slowing down inflation, and improving our living standards and/or the production levels of our businesses (by means of negotiations or government decisions) has to be less than this sum of money. Further, it would be advisable to take notice of the fact that these improvements in our trade opportunities are first and foremost the result of the recent upswing in our fisheries, which have been recently on hard times; whereas, on the other hand, our other exports are anticipated to continue in a downslide in the coming year. However, as time goes on, people will be hoping that falling petroleum prices will succeed in bringing down inflation abroad, lowering interest on the international market, and promoting economic growth in the developed countries.

Changing trends in our balance of trade, 1986

Changing trends abroad (calculated using average exchange rate)

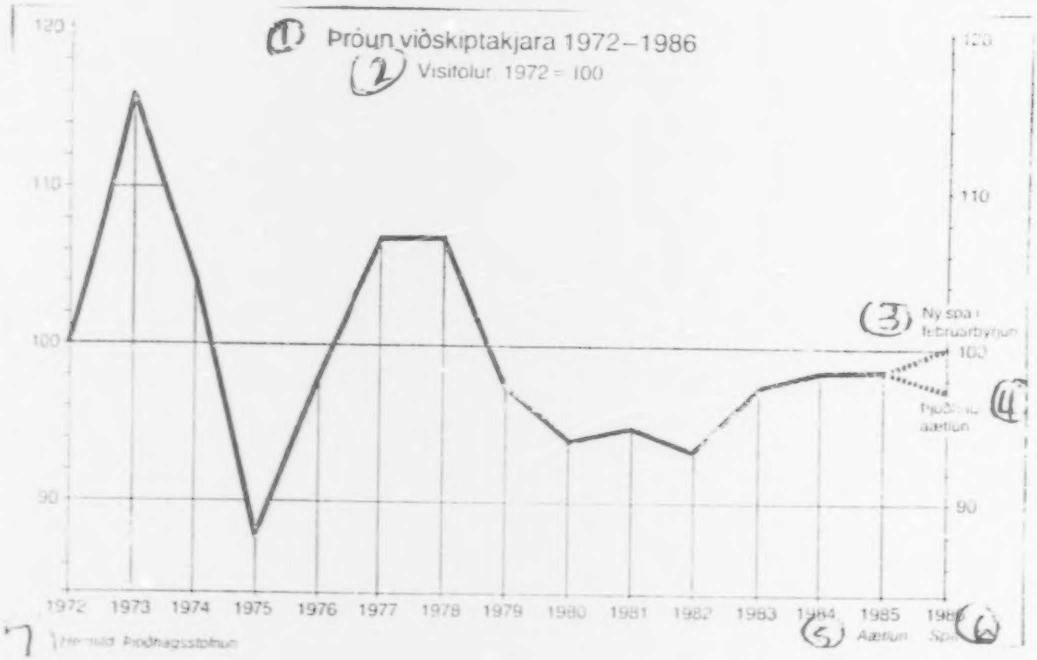
	1985 Budget (made Dec. 1985)[1] %	1986 Forecast %	Calculated according to Jan. 1986 conditions[2] %
I. Value of Exports			
1. Marine products	2 1/2	0	5 1/2
2. Aluminum and silica	+/- 9 1/2	0	0
3. Other products	2	0	+/- 2 1/2
Total exports	1/2	0	3 1/2
Service exported	5	4	4
Total exports, goods and services	2	1	3 1/2
II. Value of Imports			
1. Individual goods imported	+/- 3	2 1/2	2 1/2
2. Petroleum	+/- 3	+/- 8 1/2	+/- 18
3. Other goods exported	3	3	3
Total imports	1	1	0
Service imported	5	4	4

Total imports, goods and services	2 1/2	2	1
III. Balance of trade, total	+/- 1/2	+/- 1	2 1/2
IV. Anticipated changes, in dollars			
Marine products	0	10	15
Petroleum	+/- 5	0	+/- 10

[1] Figures for general changes in foreign trade and changes in the price of oil were drawn particularly from the OECD ECONOMIC OUTLOOK No. 38, December 1985. Figures for marine products were largely taken from the current value as of December.

[2] Figures shown here are for balance of trade in 1986, assuming that the current price levels for marine products will remain unchanged for the entire year, and that the decrease in petroleum prices which has occurred on the Rotterdam market will remain in effect for some time. However, these figure do not accommodate the possible effects of the decreased petroleum prices on other branches of foreign trade, for example, fewer increases in import figures, increased level of international trade, etc.

[3] Figures here based on forecasts by ISAL concerning increased aluminum price, as well as forecasts by the Silica Refinery Company concerning decreases in silica prices relative to last year's average price.



GRAPH KEY

1. Development of Balance of Trade, 1972-1986

2. Ratios based on 1972 figures = 100 percent

3. New forecast made 1 February

4. National budget

5. Budget

6. Forecast

7. Source: National Economic Bureau

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CSO:3626/19

GOVERNMENT FINANCIAL AID REFUSAL SEEN THREAT TO PLANE INDUSTRY

Stockholm DAGENS NYHETER in Swedish 14 Jun 86 p 11

[Article by Goran Jonsson: "Government Says 'No'"]

[Text] The government refuses to provide financial aid to Saab-Scania and Volvo's future civilian aircraft-engine project.

"We are not willing to share the risk associated with the civilian aircraft project," said Department of Industry Undersecretary Jan Carling.

"Government policy with respect to industry is that industrial projects must be self-sustaining. I cannot imagine that the government would deviate from this policy," Carling continued.

Inasmuch as military orders are declining, Volvo Aircraft Engine and Saab Scania are trying to restructure their activity to allow for more civilian production. Saab expects that the civilian portion of its production this year will reach 50 percent for the first time. Volvo lies somewhat behind with a civilian production of 40 percent plus.

A Gap

At the same time, there will be a gap in military orders because the Viggen project will be suspended in 1988 until the first JAS aircraft is ready to roll in the early nineties. This gap will have to be filled by an increased share of civilian production.

"If the government says "no," the situation would be serious for the aircraft industry," said Bengt Eriksson, incoming deputy director of Volvo Aircraft Engine.

"I do not want to make this an employment issue, but thousands of people would be involved in the changeover from military to civilian production. Our production has been designed to supply the military with planes and engines. Since the military is now cutting back on its orders, we will not be able to restructure to allow for increased civilian production without financial aid from the State in terms of financing," said Eriksson.

Volvo and Saab both feel that this is not a question of government aid in the usual sense. The aircraft industry is an advanced high-technology industry and both firms are healthy and profitable. Furthermore, it is necessary to maintain production so as not to lose technical competence, which would have serious consequences for future military production.

Natural

This makes their situation completely different from that of the textile industry, for example. It is only natural that the government provide financial aid to the aircraft project, according to Volvo's Eriksson. It has always been this way.

"All countries interested in developing their aircraft industry provide financing of this kind. This is not unique to Sweden. It is quite simply a matter of the industry's circumstances. Projects of this kind require such enormous investments that no firm can do it alone," said Bengt Eriksson.

In a project like this, Saab and/or Volvo become the partners/suppliers of a larger aircraft manufacturer like Boeing or McDonnel Douglas, for example.

The cost of financing the project is very high and so are the risks. Therefore, the companies in question want the State to assume part of the risk. In return, the state will get x percent of the profits when and if the project becomes profitable.

"The profits do not equal the high risk. These firms will have to turn to the Industry Fund for help," said Carling with the Department of Industry.

Not Enough

The Industry Fund's loan ceiling has been raised to 50 million kronor, which is not enough in this case. However, even if Saab and Volvo have need of more than this, their requirement is far less than the 2 billion which the mass media are talking about. All the parties involved absolutely repudiate this figure.

"For a time, the total amount for Volvo and Saab combined was 700 million kronor, but the figure is exaggerated. Our discussions last spring concerned a lesser amount," said Carling with the Department of Industry, which together with the Departments of Defense and Communications will determine the future of Sweden's aircraft industry.

However, despite its awareness of declining military production, the government does not want to financially aid any of the projects submitted by Volvo and Saab.

Among Volvo Aircraft Engine's projects is a stationary gas turbine engine for General Electric.

Cooperative Venture

Saab Scania together with three other aircraft companies in Norway and Denmark recently formed the Scandinavian Aircraft Group (SAG), a cooperative venture to enhance their position with respect to the international market.

Saab's future projects include the Fokker 100, a new intermediate-range aircraft (an SAS alternative when it comes time to replace its entire fleet of intermediate-range aircraft), and the MD11, an advanced version of the DC10, which will essentially be longer range. The idea is that Saab shall manufacture the tail section of the MD11.

Saab is also supposed to help design Boeing's new intermediate-range aircraft, the 7J7, an advanced aircraft with a so-called prop-fan engine, i.e. jet engine with propellers, very simply expressed.

Saab-Scania Deputy Director Georg Karnsund said he had no comment whatsoever.

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CSO: 3650/246

ECONOMY, OUTLOOK FOR GROWTH SEEN STAGNANT

Paris LE FIGARO ECONOMIE in French 30 June 86 p 14

[Article by Jean de Belot: "Turkey: Thirteenth State of the EEC?"; first paragraph is LE FIGARO ECONOMIE introduction]

[Text] Ankara is preparing to knock at the door of the EEC. It is a sensitive candidacy for the Twelve. There are existing agreements, however.

This bridge is a symbol: in the very heart of Istanbul, it links the two banks of the Bosporus, stretching from Europe to Asia. It epitomizes Turkey's geopolitical situation and its various attractions, which are contradictory sometimes from the point of view of Europe, sometimes from the point of view of the Arab world. But it is also symbolic of a Turkish reality of recent origin: the reality of economic liberalism, a prescription implemented 3 years ago by Prime Minister Turgut Ozal and his party, the Motherland Party. It is a liberalism whose practical limits are there, embodied in this superstructure of steel and concrete. Although the bridge has been officially privatized, the Bosporus Bridge bonds that have been sold to the public merely allow the holder to share in the product of the tolls. It is a way to bring money into the government coffers (for this operation was a success) without really relinquishing ownership. One week after the operation, moreover, the tolls were increased threefold. To be sure, there are other, more obvious examples of this government's liberalism, namely the decontrol of prices and the freedom for foreign investment. This allows the administration to proclaim--loudly and strongly--a brand of "Reaganism" precisely at the moment Ankara is preparing to knock officially at the door of the EEC.

Free Transit

Officially and resolutely. The long history of relations between Turkey and Europe has passed through important stages during the past 30 years. In 1949 the country became a member of the Council of Europe; 2 years later it entered NATO, of which it is a strategic component. Above all, Ankara has close economic ties with the EEC through the medium of agreements dating back to 1963 and renewed in 1977--agreements susceptible of being transformed into "pre-membership." The next "due date" is of significance: a 1976 agreement signed between Brussels and Ankara authorizes the free transit of Turkish workers throughout the EEC countries beginning next 1 December. It constitutes a veritable challenge to the efforts to control immigration that have been made in recent years, notably by Bonn.

For Ankara things are quite simple, however, and the alternative is only thinly veiled: either Brussels initiates negotiations for Turkish membership, or the 1976 agreement will indeed be "complied with."

The problem is more demographic in nature than it is economic or political. The rate of growth of the Turkish population is 25 percent, compared to 4 percent in France and 1 percent in the FRG. Sixty percent of all Turks are today under 20 years of age. From the current figure of 53 million, the Turkish population will increase to 100 million within 30 years. It is a statistic that moved an American magazine recently to title an article: "Is Europe Going To Be Turkish?"

Successes

Turkey, in 1986, projects an image that is a far cry from any of those generally prevailing in Europe. The shock occurs primarily between firmly held beliefs and the new economic practices, which amount to out-and-out economic liberalism. There are no longer any controls on exchange rates, prices, or trade, and this policy has produced results. The adjustment of the nation's accounts--carried out 3 years ago--received the approval of the experts of the OECD and IMF. Turkey is today able to manage its foreign debt, and is obtaining capital on the international markets. This economic liberalism is, however, accompanied by severe austerity. The 1986 budget (approximately 108 billion francs) is once again a "stabilization" budget (the opposition calls it a "stagnation" budget). The fact is that the cutback in social spending (health care, education, and so forth) goes hand in hand with an aggravation of the condition of the population: from $1,200 the median annual per capita income has declined to $1,000, and unemployment--difficult to measure--afflicts at least 30 percent of the labor force. The current policy does "pay," however. Exports--which represented 3 percent of the GNP in 1979--today account for 16 percent. "Opening up" the economy has forced Turkish industry to build up its muscles. It is a precarious gamble.

The shortcomings are--in fact--of various types. The fiscal system--which favors export enterprises--has led to a series of scandals involving false customs declarations. Above all, the industrial fabric of the nation has been slow to adapt. The strong suit of the Turkish labor force is its low cost (an SMIC [interoccupational minimum growth wage] of 400 francs) rather than its technical skill. The freedom that has been accorded investment in Turkey serves as an incentive for firms to have semifinished products made there--a circumstance that provides no guarantee of future development. Although the trade balance--traditionally adverse--is being rectified, Turkey remains in reality cut off. Investment is basically the function of the state, which still accounts for approximately 70 percent of the total effort. It is a threshold that seems almost impossible to lower. The determination to combat inflation (which declined from 130 percent 5 years ago to 45 percent in 1985, and is recording an annual rate of 38 percent in 1986) makes a policy of high interest rates (50 percent) unavoidable.

Another aspect is even more of a handicap: the fact that 60 percent of the population works in agriculture. Even though the plan for the development of southern Anatolia will make it possible to double domestic agricultural production, this handicap will continue for a long time to inhibit national development.

The economic stumbling block is not the only one. The economic liberalism proclaimed by Turgut Ozal is not sufficient to make Turkey a country capable of integration into the EEC. Democratic progress has unquestionably been made in Ankara, but there is still a long way to go. Even though the army--following the military coup of 1980--kept its commitment and turned power over to the civilians, some dossiers have been retained. The trade union federations--except for the official one--are still banned, both in the enterprises and in the universities. Three parties authorized by the military competed in the legislative elections of 1983. The Nationalist Democracy Party (center left), their favorite, was defeated by the Motherland Party. General Evren, the head of state, has loyally presided over this cohabitation. Six parties were authorized to take part in the municipal elections of 1984. All parties--with the exception of the Communist Party--will probably be authorized to participate in the legislative elections of 1988. The former party leaders will find that their respective bans will be lifted. However, the constitutional division of labor--with the head of state responsible for public order and defense and the prime minister for the economy and social welfare, and with the military still in place--makes entry into the EEC difficult. Although the press is today free, a number of trials are still dragging on.

The other uncertainties relate to the geographical situation of the country. As an outpost of Europe in Asia, can Turkey--90 percent of whose population is of the Islamic religion--really be integrated into Europe?

The Motherland Party exemplifies this ambivalence perfectly. A sort of "national union," it includes within its ranks some former members of parties of the far Right and far Left and even the former vice chairman of the Islamic Party. And although its leader has today turned toward Europe, he has done so only after casting amorous glances in the direction of the Arab world: it was to the capitals of that world that his first visits were made. The government does not conceal the fact that each year it sends a total of 2,000 religious teachers and instructors into the Turkish communities in Europe. Turkey--a secular state--has in its Constitution a number of precise references to Islam. And there are those who point out that it was only after the price collapse and the closing of certain Arab markets--and after he had advocated the idea of an "Islamic common market"--that Turgut Ozal turned toward Europe. "Turkey," he says, "could be Europe's window on the Islamic world."

This double-faced posture is, to be sure, necessary. Although the American banks are responsible for studying the privatization dossiers, their Islamic counterparts receive the right of installation. The fact is that Turkey has many agreements with Europe and is an essential component of NATO. Moreover--it is emphasized in Ankara--if the Twelve revise the free-transit agreement, it will be the first time they have gone back on their word in matters such as this.

10992
CSO: 3519/210

POLL FINDS INCREASED SUPPORT FOR NATO MEMBERSHIP

Opposition to 'Defensive Defense'

Copenhagen BERLINGSKE TIDENDE in Danish 29 Jun 86 pp 1, 4

[Article by Nils Eric Boesgaard]

[Text] A recent Gallup poll shows increased support for Denmark's NATO membership, while the number of opponents is declining. Among the possible reasons is mentioned the Social Democratic proposal of a 'defensive defense.'

The Danish population is increasingly supporting NATO. A total of 63 percent of the population support Danish membership in NATO. That is in increase of 2 percent since April of last year. A total of 16 percent of the population oppose the Danish NATO membership. That is a decline by 1 percent during the same period, according to a new Gallup poll that is published in today's Sunday edition of BERLINGSKE TIDENDE.

Periodic fluctuations in the support for NATO membership are nearly always associated with international political crises, such as the Hungary crisis in the fifties, the Vietnam War, the end of the brief blossoming of democracy in Czechoslovakia and the invasion of Afghanistan.

This time, the only explanation is the volte-face in the Social Democratic security policy and the proposal of the Social Democratic defense policy spokesman Knud Damgaard for a new defense agreement, which have re-echoed in wide circles.

Defense Minister Hans Engell today spoke against Knud Damgaard's ideas of a defensive (non-threatening) defense: "We shall make ourselves impossible in the eyes of our NATO partners and we shall get a 'parasitic defense' where we shall contribute nothing to the joint solidarity," Hans Engell said on the Social Democratic defense plans.

If one is to interpret the result of the Gallup poll, the only interpretation is that two-thirds of the Danish population agree with the position taken by the defense minister and thus dissociate themselves from that which the defense minister calls a 'parasitic defense.'

NATO Majority Despite Security Policy Unrest

Practically no 'actual' opposition among the population to NATO membership.

Irrespective of disputes within NATO, there is an increased long-term as well as short-term trend among the Danish population to support the security policy based on our NATO membership.

At the same time, a detailed study of the position of the population on the membership of Denmark in NATO, a study based on the strength of the conviction on the part of the population to support or oppose NATO, shows that there is practically no 'wholehearted' opposition to Danish NATO membership.

This appears from the most recent poll carried through by the Gallup Institute on this issue. At regular intervals, the institute has since 1949 elucidated the position of the voters on our NATO membership by asking a representative section--comprising approximately 1,000 respondents--the following question:

"Do you support or oppose Denmark's participation in the Atlantic Treaty (NATO)?"

The last previous poll was carried through in April of 1985, and that poll was now repeated in January-February, at the same time as endeavors have been made to furthermore evaluate the strengths of the positions of the supporters as well as the opponents.

The poll showed that 63 percent of the population now supported NATO as against 61 percent in April of 1985, while 16 percent of the population now opposed NATO, as against 17 percent in April of 1985.

In order to provide a better idea of the trend, the numbers of supporters and opponents have been shown in the following graph.

Since the days of the Cold War in the early sixties, the long-term trend has been a clearly increased support for NATO, and this trend seems particularly clear following the abandonment by the United States of its struggle in Vietnam in the mid-seventies. And this trend seems to have continued in the most recent poll.

It is often informative in connection with opinion polls to seek to evaluate the strengths of the positions observed. It is of importance partly because people who support--or oppose--a cause wholeheartedly play a bigger role in the formation of opinions through activity and influence on others and partly because a voting situation gives an important idea of the outcome of such a vote in that strong involvement is strongly correlated with the propability of participation in the voting.

Therefore, everybody who had either answered in support of or in opposition to NATO was asked the following question:

"How much importance do you attach to Denmark's membership (non-membership) in the Atlantic Treaty (NATO), do you find it very important, rather important or less important?"

For supporters and opponents, respectively, the result was as follows"

	Very Important %	Rather Important %	Less Important %	No Opinion %	Total %
For NATO	68	27	3	2	100
Against NATO	19	26	41	14	100

Some would perhaps think that opponents would be stronger opponents than supporters would be strong supporters, but the reverse is actually the case.

Two-thirds of the supporters support NATO wholeheartedly while, conversely, only a relative minority of 19 percent among the opponents wholeheartedly oppose Denmark's membership in NATO.

If all Danish voters are now to be evaluated on the basis of the view whether they are 'actual' supporters or opponents of NATO, the percentages of those among the total body of voters who strongly support and strongly oppose Danish NATO membership may be calculated, and if these percentages are then divided among the three groups of voters, viz. the voters to the right and the left of the Social Democratic Party as well as Social Democratic voters, the following survey is obtained:

	Strongly for NATO Membership	Strongly Against NATO Membership
Total	43%	3%
To the right of the Social Democratic Party	64%	0%
Social Democratic Party	38%	2%
To the left of the Social Democratic Party	15%	11%.

It follows from the above that all of the Danish voters are "of the firm opinion" that Denmark must be a member of NATO, while practically nobody, only 3 percent, are "of the firm opinion" that Denmark must not be a member of NATO. And if these figures are compared relatively with the figures for those who are for or against NATO in the first question, it will be seen that the number of 'actual' supporters is relatively considerably larger compared to the number of 'actual' opponents than will appear when merely asking whether people are for or against NATO.

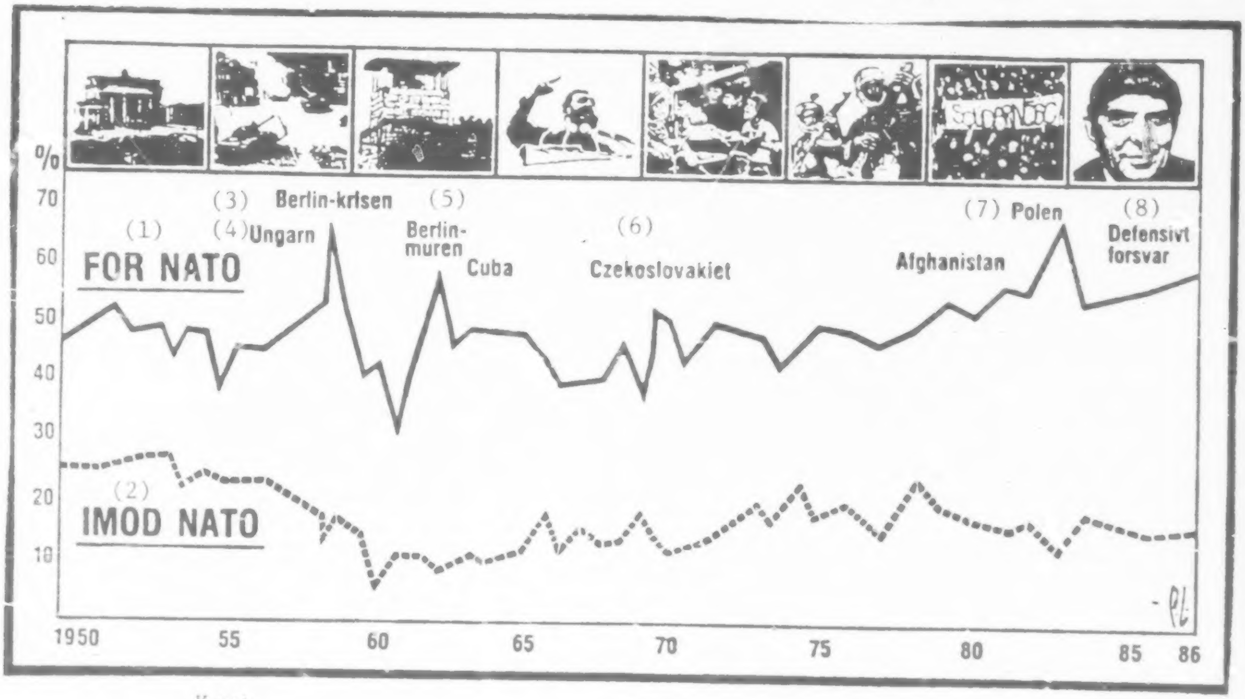
Among the voters to the right of the Social Democratic Party, there is no 'actual' opposition at all to NATO, while the 'actual' supporters constitute two-thirds (64 percent).

Among Social Democratic voters there are practically no 'actual' opponents either (2 percent) but 38 percent 'actual' supporters. And the fact that there are relatively more 'actual' supporters than opponents is perhaps the most surprising finding among the actual left-wing voters.

If one, finally, examines the answers to the first question and relates these figures to the idea which has been advanced, viz. the holding of a referendum on our NATO membership, there may be good reason to believe that the outcome of such a referendum will be even more clearly in favor of our membership than is indicated by the first-mentioned figures.

Reprinting subject to indication of BERLINGSKE TIDENDE and the Gallup Institute as sources.

Asger Schlutz.



Key:

1. For NATO.
2. Against NATO.
3. Berlin crisis.
4. Hungary.
5. Berlin Wall.
6. Czechoslovakia.
7. Poland.
8. Defensive Defense.

Liberal Leader Interprets Poll

Copenhagen BERLINGSKE TIDENDE in Danish 30 Jun 86 p 5

[Article by Ole]

[Text] "The Danish population does not want Denmark to 'free wheel,' move toward neutrality or go its own way."

This is the way Ivar Hansen, group chairman of the Liberal Party, interprets the Gallup poll published yesterday in the Sunday edition of BERLINGSKE TIDENDE. The poll showed increasing support for Danish membership in the NATO alliance. A membership which is now supported by 63 percent of the Danes.

"It is an interesting development that the majority in favor of Danish NATO membership is growing. The Gallup poll clearly shows that the population flatly rejects any security policy experiments. The vacillating security policy course attempted by the Social Democratic Party is an attempt to please the Left wing--obviously in an attempt to draw votes from the Socialist People's Party. But the poll shows that the Social Democratic Party is out of step with the population--exactly the way we saw it earlier in the year in connection with the marketing policy, where they opposed the EC reform. It is to be hoped that the Social Democratic Party will abandon its security policy experiments, so that we shall be able to revert to a broad concensus in this area in the course of the fall," Ivar Hansen says.

7262
CSO: 3613/172

TURKEY SEEN OVERTAKING GREECE WITHIN NATO

Athens I KATHIMERINI in Greek 8-9 Jun 86 pp 1, 3

[Article by Nikos Emm. Simos: "Turkey Now Aims at Military Superiority Through NATO"]

[Text] Turkey's military strengthening, coupled with the slower modernization pace of our Armed Forces, have resulted in "a climate of confidence" in Ankara allowing Turkey to intensify in the last few weeks its provocative stand against Greece. This is the assessment of diplomatic and military circles who attribute Ankara's stand and its threats against Greece to the rapid increase in Turkey's capabilities.

Moreover, these new Turkish capabilities facilitate the policy of tension and excessive demands. This policy is based on Ankara's philosophy that eventually Turkey will gain the most by starting with the highest possible levels of demands.

What causes particular concern--a concern Papandreou does not seem to share--is the fact that Ankara has utilized to the utmost the capabilities offered by its participation in NATO, for the strengthening of Turkey's military capabilities. On the contrary, Greece, because of the peculiarty of its relations with NATO is deprived of the experience provided by joint military exercises and participation in modern operational means.

On the other hand, Greece shoulders all the infrastructure costs for its Armed Forces. Under different conditions these costs would have been paid either by NATO or by the American side since the Greek government, like it or not, serves the American needs in our country, even in an invisible fashion.

It is mentioned that Turkey has succeeded in building, with American funds, all installations for the 160 F-16 aircraft to be received in 1987, at 13 Turkish airfields. Following NATO designs, these airfields will be capable of servicing F-16 aircraft squadrons coming in as "outside force additions."

The most important fact is that because of these facilities, the new Turkish aircraft will be immediately operational upon delivery.

Utilization of the Exercises

At the same time, Turkey utilizes until today in the best possible way, allied war games as well as the special means made available by NATO, such as the electronic interference aircraft, for the realistic training of crews in aerial combat. The most important advantage for the Turkish side is the experience acquired by its forces in a realistic operational environment in the Aegean.

Moreover, Turkey utilizes the NATO research center as well as any other NATO agency for the study, financing, and development of systems; the acquisition of means and construction of facilities. In the context of this policy, Ankara also succeeded either in fully replacing or in fully modernizing with NATO funds five radar stations focused on the West. In its share of joint infrastructure projects for 1990, Turkey will receive funds for the construction of two fuel pipelines to supply military units and airfields.

Under a contract signed in 1983, Turkey has already received 12 of 36 Rapier anti-aircraft systems for the effective main defense of airfields. The American Pentagon has promised Turkey delivery of a large number of Roland anti-aircraft systems at nominal prices, through MAP--the program of free military aid.

Greek Delay

In contrast to this Turkish activity, the Greek side has to show only "the freezing" of a number of programs. As an illustration, we mention that the government has not yet assessed the bids (even though they were submitted in February 1984) by construction firms for the modernization of communications in the Aegean, that it has not acquired the Hakai aircraft for early warning and certain missile systems as well in the establishment of the Administrative System for Information Control which connects with electronic computers all the operational centers of the headquarters and units.

On the other hand, Turkey has succeeded in assuming responsibility for NATO's research center, the study for the construction of the system, etc., and also assumed its financing and that of the armed forces.

But beyond Ankara's intention to achieve numerical and qualitative superiority, which recently has been accompanied with formal warnings about overwhelming population superiority, modernization of the Turkish Armed Forces and their training within the NATO channels as well as their participation in the formation of the Atlantic Alliance planning, tend to strengthen the following notion: The Turkish role in the area is greater and more effective than the Greek. Until now Greece could justifiably claim it could offset Turkish numerical superiority with its qualitative leadership. Certainly the government would be the last one to be accountable for any upsetting of this balance at the expense of the country.

7520
CSO: 3521/166

AIR FORCE OFFICER'S REPORT ON PARTICIPATION IN NATO PLANNING

Athens I KATHIMERINI in Greek 20 Jun 86 p 1

[Article by N. Gerakaris: "Greek Brig. General's Report on Our Relations With NATO Termed a 'Bomb'"]

[Excerpt] A senior Greek officer, Air Force Brig. General Emm. Klironomos, who serves with NATO (assigned by the government to the Naples headquarters) has submitted to the appropriate ministries, according to sources considered to be reliable, a "report/bomb" as termed by military observers.

According to the same sources, the author of the report notes with particular concern

--the non-participation of our country in the planning and implementation of NATO war games;

--the negative impression caused in NATO circles by the hiding of flights near the Greek borders--therefore NATO borders--by Warsaw Pact members' aircraft;

--the delaying tactics of the Greek government in implementing infrastructure projects of our Armed Forces through the NATO Infrastructures Program, etc.

Recently, deputies of the ND party submitted to the Chamber of Deputies an interpolation in which they stated that our country does not supply NATO all the data bout activities of aircraft from Warsaw Pact countries. More specifically, it said our country never gave data concerning violations of our airspace--over an extended period of time, comparatively speaking--by two Soviet Tupolev 16 aircraft which were intercepted by F-4s.

The fact of interception in conjunction with the airport from which they took off remained unexploited, while we could have used it in many ways to promote our "national issue," as pointed out in the interpolation.

Mr Kharalambopoulos

Replying to a question relating to the above [Defense Minister] Kharalambopoulos said: "I am not familiar with this report. Even if we were to accept it, it does not follow that this will affect the government's political decisions.

"Violations of our national airspace by Soviet aircraft are very rare and can be counted on the fingers of one hand. In every case we inform NATO. If the Turks supply false data to appear like 'good boys' saying we do not report [violations], this I do not know. But what I want to say emphatically is that all aircraft, of whatever nationality, are identified and intercepted."

7520
CSO: 3521/177

DEFENSE MINISTER ON WEAPONS SYSTEMS CO-PRODUCTION

Athens TA NEA in Greek 12 Jun 86 p 3

[Article by Loukas Dimakas: "We Shall Product Tanks, Too"]

[Text] Within the next 2 months important decisions--something akin to another "purchase of the century"--will be reached regarding the armaments of the land and naval forces.

According to Vice-Premier and Minister of National Defense Giannis Kharalambopoulos, early in July the authorities will complete evaluation of bids for the joint production of tanks in Greece. Also in July the authorities will complete the technico-economic evaluation of bids by four foreign firms for the joint production of four frigates.

Within 2 months the authorities will complete its evaluation for the joint production of armored personnel carriers (TOMP). Regarding these carriers and their possible construction by Stayr-Ellas--which had proposed [the Leonidas 2 tank]--Kharalambopoulos said that "the assessment of alternate types of vehicles continues and Stayr will get the order."

The Visit

Kharalambopoulos announced yesterday the time limits for the purchase of these weapons systems as he referred to the visit of British Minister of Defense J. Yianger and the interest he expressed in these specific weapons programs. "Mr Yianger," said Kharalambopoulos, "expressed interest in the progress of these programs since his country has submitted bids for joint production in all three programs."

Kharalambopoulos said that the evaluation refers to the offset benefits--cost and the technico-economic characteristics. He pointed out, however, that the final decision will be political.

Various other countries (West Germany, Brazil, the USA, France, Italy, etc.) have expressed an interest in these programs and have submitted attractive offers such as co-production with Greece, investments, procurement of military materiel, financing with state guarantees; while, according to reports, there is an offer for covering part of the cost in the context of German aid as well as production in Greece for the export to third countries!

An indication of the interest shown by foreigners in these procurements is the fact that construction of the four frigates will cost 600 million dollars!

Asked if the defense ministers from other countries who have expressed interest in these procurements have asked to come to Athens to present the advantages of their weapons systems, Kharalambopoulos replied: "Have no doubt that they will come. They will come on their own initiative..."

Cooperation

The main purpose of Yianger's visit was to implement the 1983 "memoir of understanding" which provides for closer cooperation in the research and development of weapons production, maintenance and repair of weapons systems, training of personnel in defense armaments, and cooperation between the two countries' weapons industry.

"In addition," Kharalambopoulos said, "I had the opportunity to inform [the British offical[on our national issues and on the status of the Cypriot problem. I showed him Turkish documents which testify to our charges about the threat from the East."

The British defense minister invited his counterpart to visit Britain. Kharalambopoulos accepted the invitation and the data will be set later.

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CSO: 3521/178

BRIEFS

STAYR TO PRODUCE TANKS--The National Defense minister disclosed yesterday that [the authorities] are still evaluating the various types of tanks, but that the process will be completed by the end of June when the order will be given to Stayr. [Text] [Athens I VRADYNI in Greek 12 Jun 86 p 18] 7520

CSO: 3521/178

PRIME MINISTER ANNOUNCED SUPPLEMENTARY GRANTS TO ARMED FORCES

Lisbon DIARIO DE NOTICIAS in Portuguese 7 Jun 86 p 3

[Excerpt] In the course of a working visit to the Santa Margarida Military Camp yesterday, the prime minister announced that a supplementary budget proposal presented to the Assembly of the Republic with a request for urgent action involves an appropriation of 7 million contos, 4 million of which for the Armed Forces and militarized forces.

Cavaco Silva declared that that appropriation was intended to offset the budget difficulties of the military resulting from the fuel tax "approved in the Assembly of the Republic." According to the prime minister, the consequent increase might have resulted in the Armed Forces being left without fuel funds before the end of the year.

The 4 million are also earmarked for the PJ, PSP, GNR, Customs Guards, and fire companies. The remaining 3 million will go to Social Security (Pension Fund).

During his visit to Santa Margarida, Cavaco Silva stressed that the first priority of his government is to concentrate its efforts in the economic and social areas, and that investment in the Armed Forces will have to wait. According to the prime minister, "national cohesion, internal secutiry, and defense will be unstable as long as the economic and social situation is not corrected" and we must know how to manage the meager resources derived from internal sources and from foreign aid "carefully" and "with firm judgment," Cavaco Silva regarded as "a calculated risk" the fact that the needs of the Armed Forces were being only partially met, adding that at the moment that risk is "low" and will be overcome "as conditions are created for a broader application of public funds in the military area."

In the course of his working visit to Santa Margarida, at a briefing with the military commands--the chief and deputy chief of the Army General Staff were present--beyond information about the activities of the Joint Brigade, Cavaco Silva presumably heard direct or indirect "complaints" about the Armed Forces' budget cuts and explained them verbally before making his public statement on the subject.

Military Service: Slight Reduction

It should be noted that in his speech, the prime minister did not refer only to the difficulties in meeting the reequipping needs of the Armed Forces. As a matter of fact (in another quite sensitive area), he stressed that the reduction of service time proposed in the bill that the Assembly of the Republic will discuss soon will be only "slight."

Cavaco Silva recognized that modern equipment requires more training, however, he maintained that there were other solutions. On the one hand, he cited "the possibility of selecting the duties that require the service of semiprofessionals," and, on the other, pointed out "the higher level of skills with which the youths have been entering the ranks" which, he emphasized, makes "the reduction of service time certainly feasible."

8711/12951
CSO: 3542/116

CUTS AFFECT A-7 CORSAIR TRAINING

Lisbon O JORNAL in Portuguese 6-12 Jun 86 p 19

[Excerpt] Government budget cuts have forced the Portuguese Air Force (FAP) to reduce the number of flying hours per pilot to levels that are now below the minimum recommended by NATO. FAP sources consider this fact related to the Monte Real air tragedy which resulted in two deaths. In fact, the surviving pilot, who has already admitted his share of responsibility for the accident, had little flight experience in an A-7P Corsair.

The Air Force budget cut has aroused discontent among the pilots. At the Air Force General Staff and in the Montijo and Monte Real air bases talk at the bar and in the corridors invariably centers on this subject. Since the most recent accident with the Corsair, the fact is constantly raised and related to the nature of the tragedy and the level of experience of the pilots involved.

8711/12951
CSO: 3542/116

SIPRI ISSUES STUDY ON THIRD WORLD ARMS PRODUCTION

Stockholm DAGENS NYHETER in Swedish 19 Jul 86 p 6

[Article by Claes J.B. Lofgren: "SIPRI Report On Third World. Arms Production Increasing Rapidly"]

[Text] Halfway between Sao Paolo and Rio de Janeiro lies Brasil's equivalent to Bofors--Sao Jose de Campos. For the last two decades a new thing has been happening in arms production: third world countries are becoming producers and exporters of everything from small arms to fighter planes.

From the standpoint of value, the arms production in the Third World has increased 500 times from 1959 to 1984, based on 1975 prices. This is shown in a recently published book "Arms Production in the Third World," written by two researchers at SIPRI, Thomas Ohlson and Michael Bzorka.

The reason for this trend is that deliveries from the arms producers in the rich world are considered unpredictable and unreliable. The arms production in the third world countries is, therefore, primarily politically motivated: the goal is to become completely independent and preferably self-sufficient.

In a few cases, however, the arms production is totally disengaged from political ambitions and state control. For example, the establishment of various multi-national companies in the Far East, the American Tacoma in South Korea, the West German Lurssen in Malaysia and the British Vosper Thornycroft in Singapore.

In all, the Third World arms producers employ about one million people. During the first five years of the 1980's, the value of the production was about 40 billion kronor, based on 1975 prices.

In connection with arms, even Israel and South Africa are considered third world countries. Together with India, they are responsible for half of the total arms production of the Third World. Brasil is the largest exporter.

India, which has fought four wars since its independence in 1948, is investing four percent of its GNP in defense. The ambition to become independent of the rest of the world has not succeeded.

Expensive aircraft projects have not resulted in effective units. The arms factories are, with a few exceptions, owned by the state. The export is very small. The value of the production in 1983-1984 was about 15 billion kronor.

Israel Largest

Israel is the giant among the arms producers in the Third World. Israel today is investing as much as 30 percent of its national budget in defense. The country has a very high degree of self-sufficiency. As much as 96 percent of the arms produced in Israel are of local design. Israel's export amounts to between five and seven billion kronor annually.

The buyers are found primarily in Central and Latin America. But Israel also exports both goods and services to the industrial world. As an example, American helicopters are serviced in Europe. Another profitable export article is confiscated PLO-materiel from the 1982 war in Lebanon. PLO-materiel in the amount of 1.4 billion kronor was confiscated at that time.

Popular Arms

Israeli arms are popular. They have been battle-tested, have an advanced technology and are relatively inexpensive. The main part of the Israeli arms industry today is owned either by the state or by unions. One large arms producer is Israel's Federation of Trade Unions--Histradut.

However, there is a large element of co-owbership with foreign interests. The tendency is to divide and diversify the arms production among many and strongly specialized sub-contractors.

The arms industry is the largest industry in Israel and it employs 60,000 people--20 percent of the country's industrial workers. Today, Israel manufactures everything needed for conventional warfare: fighter planes (Nesher, Kfir and Arava), tanks (Merkava), advanced missiles (Gabriel and Shafrir) and artillery as well as warships (in patrol boats).

Exports

Brasil exports fighter planes, small arms and relatively advanced missiles. Buyers are Arab countries like Libya, Saudi Arabia and Iraq. In i982, Brasil won an order for trainers from the British Air Force--in stiff competition with British companies, among others. The plane is called EMB-312 Tucano.

100,000 people are working in the more than 350 arms factories in Brasil. Brasil exports 80 percent of its production--in value between six and seven billion kronor annually. The Brasilian aircraft industry, Embraer, exported more than three billion kronor distributed among 190 aircraft in 1983. The share of private ownership in Embraer is about 90 percent.

Otherwise, state ownership is the significant factor in the arms production of the Third World. In contrast to privately owned production, multi-national companies are very seldom involved.

Research Expensive

With the exception of Israel, the ambition to become self-sufficient has failed. Successful research and development (R&D) in arms requires a broad privately owned industrial base--something which is lacking in most Third World countries.

But R&D is also expensive. Only the Soviet Union and the United States consider themselves able to afford both R&D and production, which makes them self-sufficient. And the dependence on competence and advanced components increases with the degree of sophistication of the weapons.

The arms producing regimes and factories in the Third World are therefore faced witha dilemma: they are not capable of producing the arms that they need. And there is seldom a market for the arms they are able to produce.

Therefore, technology transfer from the industrial part of the world is still the deciding factor in the arms production of the Third World. Manufacturing under license is still the most important form. South Africa has, in part successfully, applied two other common strategies--supplementation and development strategies.

Small Part

Many countries have made advances in the production of small arms and ammunition. Iran's ability to endure, in the war with Iraq, would have been considerably less without the arms industry that was established during the time of the Shah.

In spite of the considerable increase in arms production in the Third World, it still represents only between 1.5 and 2 percent of the value of the total arms production in the world. Consequently, Ohlson/Bzorka predict that the Third World will continue to be dependent on the willingness of the industrialized countries to deliver materiel and competence.

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BRIEFS

NATIONAL ENERGY POLICY AGREEMENT--Danish electric power plants will join forces with local authorities in setting up small combined power and district heating plants that can be based on natural gas, trash, straw and other types of domestic fuel. This is one of the results of an agreement the government has just reached with the Social Democrats on future electricity production. According to Energy Minister Svend Erik Hovmand (Liberal) the electric plants have taken a positive view of the agreement. "The agreement ensures broad political agreement and stability behind the expansion of electricity production that is needed so that we will have adequate supplies of electricity in the 1990's," the minister said. Under the agreement the future expansion will consist partly of small combined power and heating plants and partly of big new power plants, which should create a better environment and save foreign currency reserves. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 27 Jun 86 p 7] 6578

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